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EUROPEAN INVESTMENT BANK
ANNUAL REPORT 1972

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Representative Office in Brussels
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** Mr Ulrich MEYER-CORDING held the office of Vice-Chairman until April 1972 when he was appointed an Honorary Vice-President.

* appointed in January 1973 following the accession of the new Member Countries.

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** Mr Ulrich MEYER-CORDING held the office of Vice-President until April 1972 when he was appointed an Honorary Vice-President.

* appointed in January 1973 following the accession of the new Member Countries.

The financial statements of the European Investment Bank are in units of account as defined in Article 4 (1) of its Statute. The value of a unit of account is 0.88867088 grammes of fine gold.

In preparing the accounts and balance sheet in this report, conversion of the national currencies into units of account has been effected on the basis of the parities at 31 December 1972, which are as follows for the currencies which are most important for the activities of the Bank:

1 unit of account =	3.66	Deutsche Mark
(u.a.)	5.55419	French francs
	625	Italian lire
	3.62	Dutch guilder
	50	Belgian francs
	50	Luxembourg francs
	1.08571	United States dollar
	4.0841	Swiss francs
	30	Greek drachmae
	15	Turkish pounds.

In preparing the statistics for operations conducted by the Bank from 21 December 1971, conversion was based on the following rates adopted by the Statistical Office of the European Communities for its work in 1972 (central rates, except for the dollar), namely:

1 unit of account =	3.49872	Deutsche Mark
(u.a.)	5.55419	French francs
	631.342	Italian lire
	3.52281	Dutch guilder
	48.6572	Belgian francs
	48.6572	Luxembourg francs
	1.08571	United States dollar
	4.16915	Swiss francs.

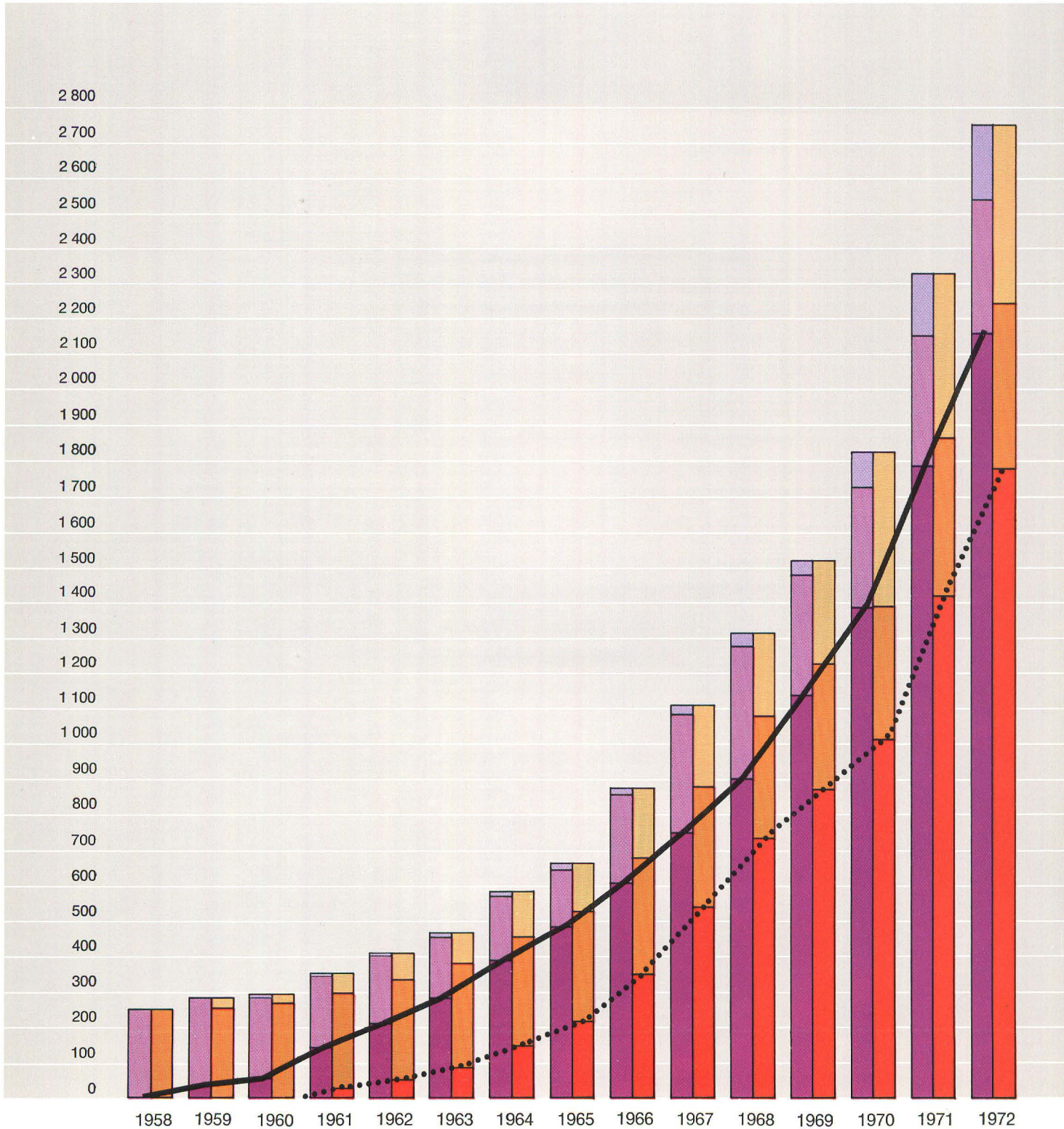
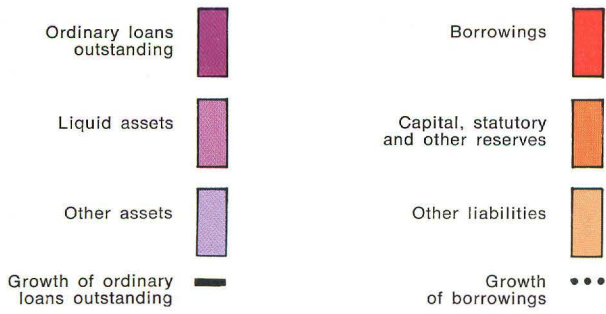
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Balance Sheet of the Bank
As at 31 December of each year



The Bank continued to develop its activities in 1972 despite an unpromising economic situation which lasted until the autumn.

The amount of new financial assistance granted by the European Investment Bank in 1972 was 526.8 million units of account (1) compared with 502.2 million in 1971.

These new Bank operations were carried on during the greater part of 1972 in a fairly unfavourable climate for investment and at a time when abundant financing facilities were available to enterprises, especially in the form of bank loans. It was not until the end of the summer that these factors were gradually reversed, and there was insufficient time for the effects of this new trend to make themselves properly felt in 1972. Despite the fact that the international monetary situation was apparently less disturbed than during the previous year, some borrowers were nevertheless still hesitant to incur debts in foreign exchange.

The **Community of Six** has passed through a period of slower economic growth during the last two years. The growth rate of the gross national product, which, on average, had reached 5 1/2 % (2) per year during the period 1958-1970, fell to 3 1/2 % in 1971 and remained slightly below 4 % in 1972. The out-turn for the whole of the year resulted from a distinct slackening during the first half of the year which was, however, followed by an increasingly brisk recovery during the closing months. These developments, taken together with the reduction in profits as a result of pressure from costs, explain the limited increase — and even, in certain countries, an actual fall — in investment.

In Italy, for the third consecutive year, the economic situation remained depressed with a rate of growth of the gross domestic product barely higher than in 1971, and a further fall in investment and employment. A net outflow of capital, swollen by speculative movements at the end of the year, more than offset the increased balance of payments surplus on current account. The monetary authorities adopted an expansionary policy resulting in a high degree of liquidity which was helped by increased private savings reflecting rising salaries and wages, and a cautious attitude in the face of economic and social uncertainty.

In Belgium and, to a lesser extent the Netherlands, business fixed investment also slackened, and economic growth remained sluggish despite some expansion in public and private consumption and external demand. Luxembourg benefited from more sustained activity in the iron and steel industry.

In Germany, following a decline in economic activity which persisted until the summer, a revival became apparent at the beginning of the autumn under the

(1) Except where otherwise indicated all the amounts quoted are expressed in units of account (cf. page 6). Differences between the totals shown and those obtained by adding individual amounts are due to rounding.

(2) Except where otherwise indicated all the rates quoted in this chapter correspond to trends in volume.

Gross National Product in the Community

% variations by comparison with previous year

In value
 In volume

Community

16 %

14

12

10

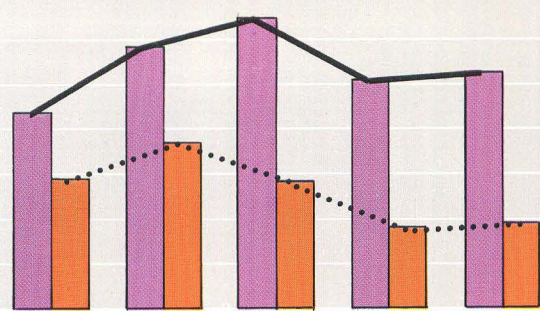
8

6

4

2

0



Germany

16 %

14

12

10

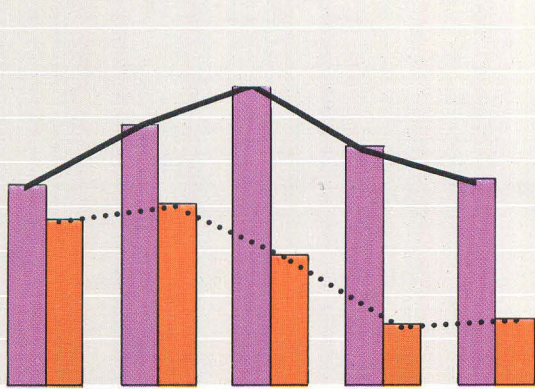
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France

16 %

14

12

10

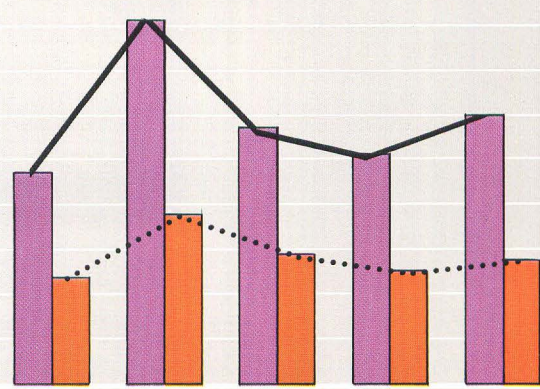
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Italy

16 %

14

12

10

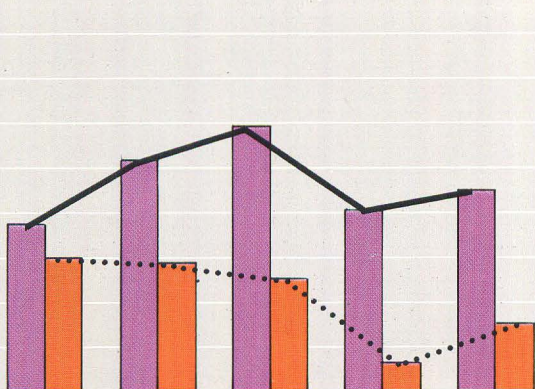
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Netherlands

16 %

14

12

10

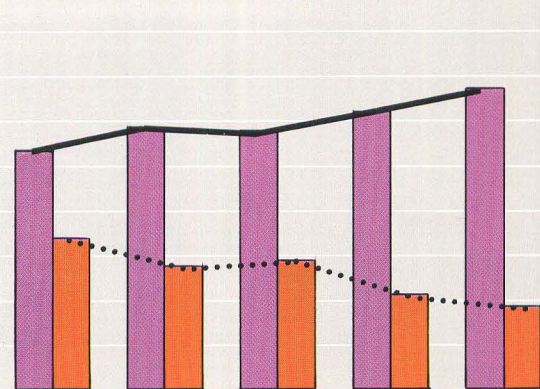
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Belgium

16 %

14

12

10

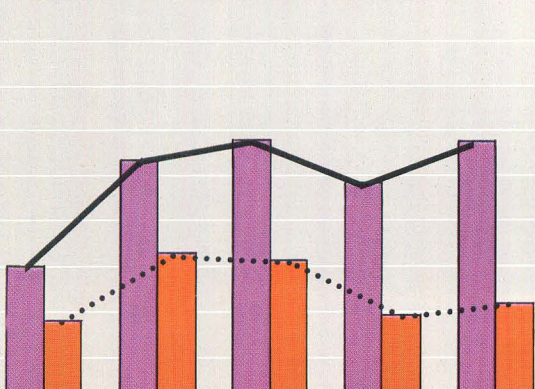
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Luxembourg

16 %

14

12

10

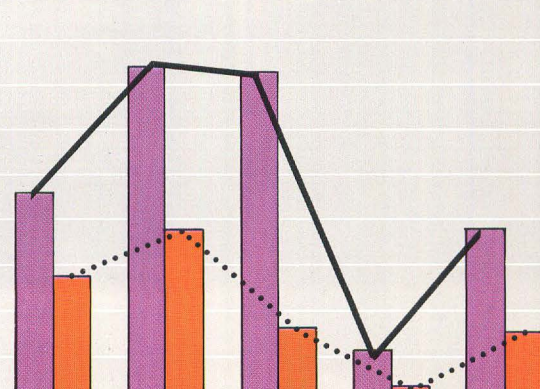
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impetus of orders from abroad and, subsequently, stronger domestic demand. The expansionary effects of an increased balance of payments surplus — despite appreciable outflows of short and long-term capital during the fourth quarter — aggravated by new pressures on the labour market at the end of the year, caused the government to strengthen its measures to combat inflation and control excess liquidity in the banking system.

In France, economic growth, which was already vigorous in 1971, quickened slightly in 1972, stimulated by private consumer demand, by a slight improvement in company investments and by a more rapid growth in exports. A certain amount of overheating became apparent, especially at the end of the year, and this was reflected in prices and the rate at which the money supply rose. As the impact on the economy both of the Treasury's partial success in reducing its indebtedness and of a smaller inflow of foreign exchange turned out to be less than the inflationary effect of the accelerated expansion of credit facilities, firm supporting measures were decided upon at the end of the year for the purpose of restricting rising bank lending.

In the financial field, 1972 was marked by a further expansion of domestic bond markets and the European international capital market.

High interest rates in the Community at the beginning of the year and currency speculation (including the large-scale movements at the end of June which led to the decision of the United Kingdom's monetary authorities to allow the exchange rate of the pound sterling to float) combined to maintain a large flow of capital not only into the European money markets but also into the international capital market, and even into certain national capital markets. This situation inevitably aroused acute concern in Member Countries which sought to check the inflow of foreign currency or to neutralise its effects by imposing a range of severely restrictive measures.

From the first months of the year long-term interest rates fell in all countries to rise again slightly at the end of the summer, stimulated by the general economic recovery. The rise was more marked during the fourth quarter, following the general strengthening of measures taken against inflation. On the international market in dollar denominated securities, the fall in rates was evident from July onwards and was only checked in January 1973.

Coming too late in 1972 to have any appreciable effect on the average level for the year, the renewal of economic expansion and the upward trend of interest rates were confirmed at the beginning of 1973 and the threat of domestic inflation persists. At the beginning of February, a further international monetary crisis led to the floating of the Swiss franc and the Italian lira, a 10% devaluation of the United States dollar, and the closing of the foreign exchange markets from 2 to 19 March. Finally, in mid-March there followed a further 3% revaluation of the Deutsche Mark and the decision to refuse to intervene on the exchange markets to defend the parity of the dollar, while observing the maximum 2.25% margin of fluctuation between the various Community currencies; an exception was made in the case of the British and Irish pounds and the Italian lira, which continue to float independently, but the possibility of their participating in the joint Community float will be considered later.

In the iron and steel sector, the Bank has granted two loans totalling 40 million units of account, for the installation of a hot rolling-mill and tube production plants in the Taranto iron and steel centre and a continuous wire-drawing mill in the Saar.

The **Associated Countries** in which the Bank is able to provide assistance have benefited in very unequal fashion from the improvement in the international economic situation, although the general fall in interest rates has enabled them to obtain credits, especially suppliers' credits, on more favourable terms.

In Turkey, where the Bank's activities were considerably curtailed while awaiting ratification of the Second Financial Protocol, signed on 23 November 1970, which eventually took place at the end of the year, economic recovery was maintained and the balance of payments improved, but inflation persisted and the budgetary deficit remained large despite efforts to correct it.

The Associated African and Malagasy States (AAMS) were affected differently by the trend of commodity prices. Judging from the statistics on trade with the Community, however, export recovery generally remained fairly hesitant, following the decline observed in 1971, and the increase in imports once again slackened markedly. The financing of the public sector came under new or increased stresses. Investment programmes necessary for economic development continued nevertheless to be implemented at a relatively satisfactory rate, mainly because of the extent of the aid which, following an increase of nearly 17%, had in 1971 already reached an annual sum of the order of 800 million units of account, at the cost, admittedly, of a fresh increase in external debt.

Progress in the formulation of Community policies in sectors concerning the Bank's activities :

Community policies in the course of preparation were the subject of much discussion in 1972. They have not yet reached the stage of decision in areas of interest to the Bank, but at the Summit Conference held in Paris from 18 to 21 October 1972 some important declarations of intent were made and general guidelines laid down.

regional development,

The Heads of States or of Government have undertaken to coordinate their countries' regional policies and have invited the Community authorities to set up before 31 December 1973 a Regional Development Fund which will be financed from the beginning of the second phase of economic and monetary union from the Community's own resources. Intervention by the Fund, in coordination with national aid programmes, should help to correct the main regional imbalances in the enlarged Community and particularly those resulting from the preponderance of agriculture, industrial change and structural underemployment.

As the proposals drawn up by the Commission, particularly on the use of the European Agricultural Guidance and Guarantee Fund (EAGGF) to grant incentive premiums for the creation of employment in priority agricultural regions, and the establishment of a Fund for issuing interest rebates or premiums having an equivalent effect for regional projects, were not implemented in 1972, fresh proposals will be submitted to the Council of Ministers of the Community for its consideration.

The importance of a common policy in the fields of science, technology and the environment was also endorsed during the Summit Conference and in 1973 the Community authorities will have to adopt programmes outlining precise timetables and appropriate ways in which they may be carried out.

industrial development,

On 18 July 1972 the Commission of the European Communities submitted a proposed regulation to the Council of Ministers of the Communities on the implementation of "Community contracts for industrial development", intended to support medium-sized projects for technological development carried out jointly by firms established in different Member Countries. It is intended to entrust the appraisal and management of these operations to the European Investment Bank. In addition, the Commission has on several occasions, particularly in communications to the Council, underlined the desirability of intensifying the activities of the EIB in different industrial sectors, such as aviation and nuclear energy.

aid to developing countries.

It seems likely, moreover, that the Community's policy of aid to developing countries will shortly be extended. The gradual evolution of an overall policy for collaboration in development on a worldwide scale, with the possibility of official assistance coming to assume a key role, is being studied by a working party set up by the Council. In view of this development it is probable that the EIB will be invited, during the next few years, to extend its activities to certain developing countries, in particular in the Commonwealth and Mediterranean Basin. In any case, as the Second Financial Protocol with Turkey entered into force on 1 January 1973, the European Investment Bank has resumed its development aid to this country using funds supplied by the Member Countries. The Association Agreement with Mauritius, signed at Port-Louis on 12 May 1972, is also due to come into force in 1973, whereupon Bank loans will become available to this country on the same conditions as apply to the other Associated African and Malagasy States.

**Resumption
of the Bank's activities
in Turkey.**

**Denmark, Ireland
and the United Kingdom
became members of the Bank
on 1 January 1973.**

Looking ahead, however, the most significant event for the future of the Community, as well as for the development of the Bank's activities was the entry into force on 1 January 1973 of the Treaty concerning the Accession of Denmark, Ireland and the United Kingdom to the European Communities.

The Bank will henceforth extend its activities in both the old and new Member Countries in order to achieve the aims assigned to it by the Treaty of Rome.

The expectation is that aid for projects concerned with the advancement of less developed regions will be provided not only in Ireland, whose per capita national product is now the lowest in the Community, but also in certain less favoured regions of the United Kingdom and Denmark.

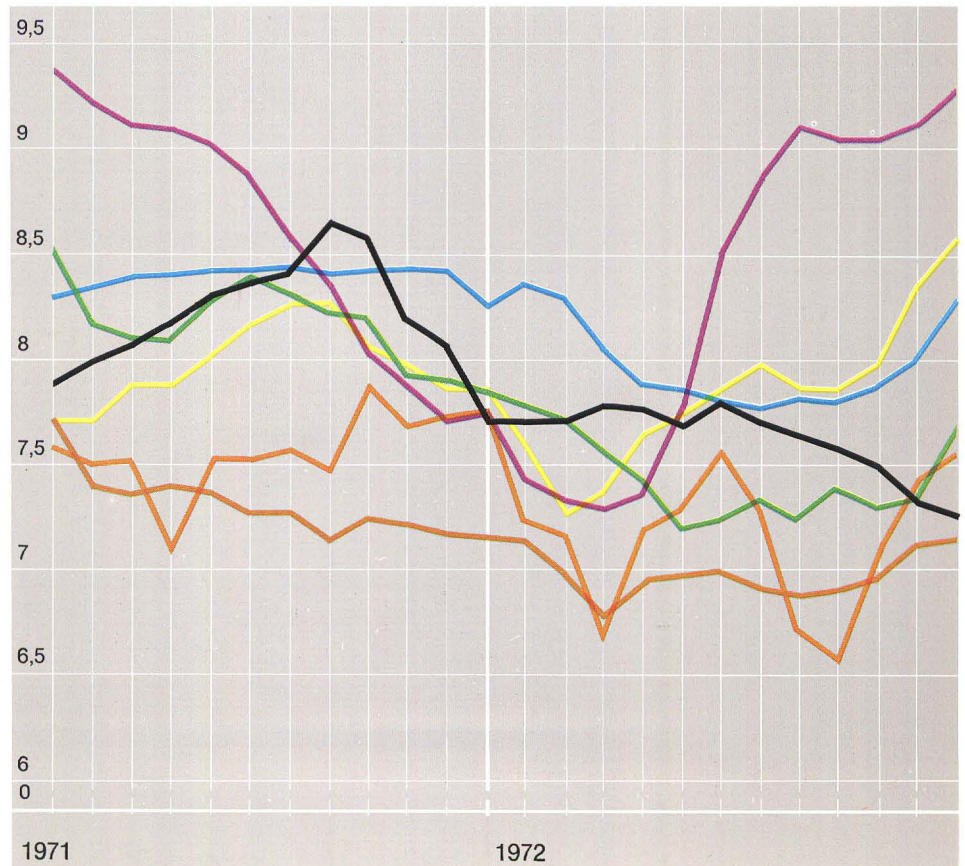
It is also probable that modernisation and conversion projects will assume increasing importance in the Bank's activities because of the extent of the problems raised in the United Kingdom by persistent large-scale unemployment in the older industrialised regions.

Finally, it is clear that in an enlarged Community projects of common interest to several countries should normally grow in number; these might be projects designed to create and improve infrastructure serving common European interests, or projects involving cooperation between industries in different Member Countries.

Gross yields of quoted bonds

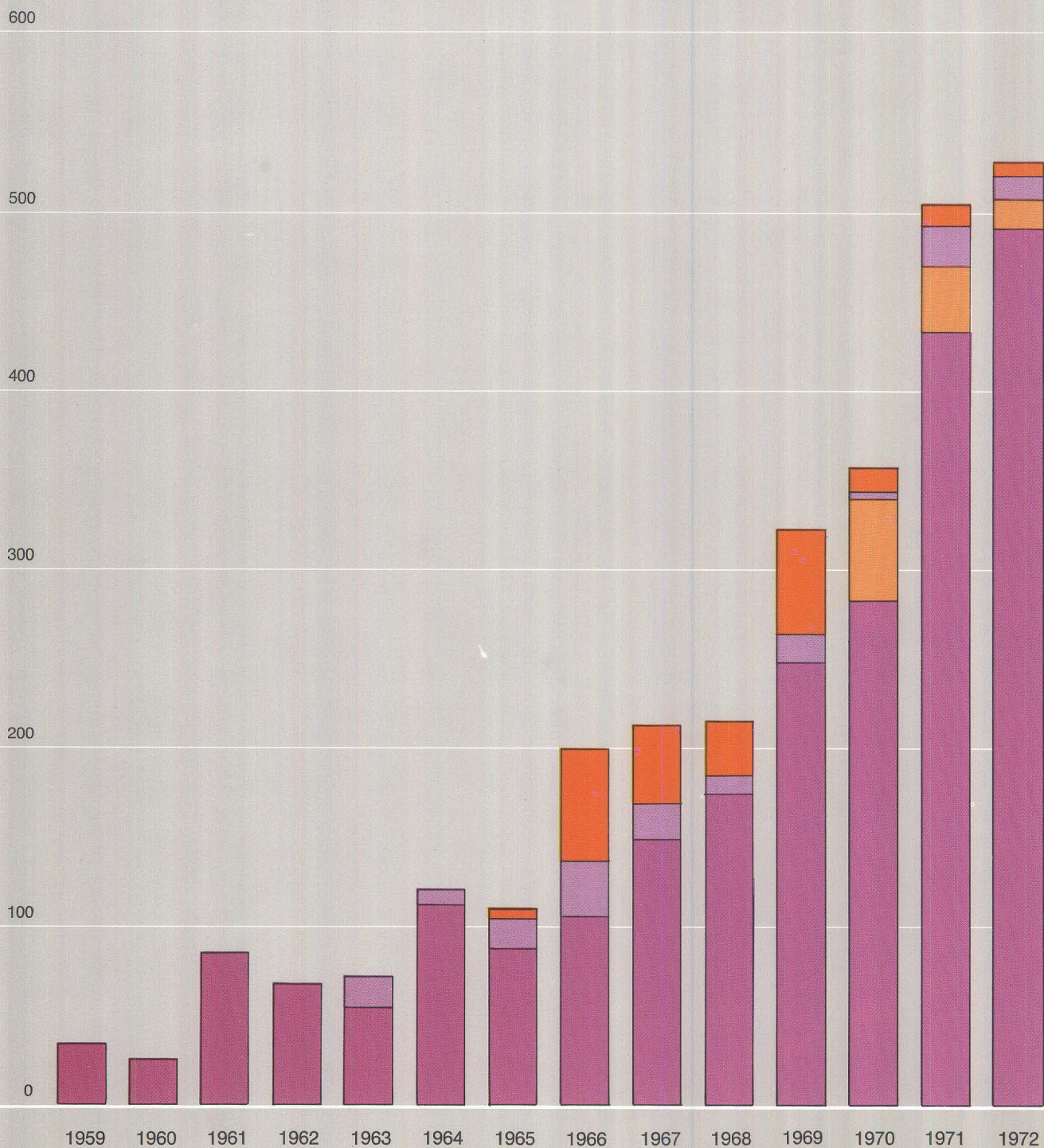
on the different financial markets in the Community issued under conditions similar to those of the loans raised by the Bank

- Germany
- France
- United Kingdom
- Italy
- Netherlands
- Belgium
- European Market



Annual activities of the Bank

- Ordinary loans
Member Countries
- Ordinary loans
Associated Countries
- Special operations
Associated Countries
- Loans on mandate and guarantees
Member Countries



Loans, guarantees and equity participation in 1972

In 1972 the Bank's new operations amounted to 526.8 million units of account.

In 1972, the total amount of new aid granted by the Bank reached 526.8 million units of account (1) compared with 502.2 million in 1971, during which year a 42% increase over 1970 was achieved.

These results must be seen against both the rather gloomy economic climate which prevailed during part of the year and the general evolution of the Bank's activities since its creation. The annual amount of new operations remained substantially below 100 million units of account until 1963, passed this figure in 1964, settled at around 200 million from 1966 to 1968, exceeded 300 million in 1969, and passed 500 million in 1971.

Almost all contracts signed during the financial year related to ordinary operations carried out by the Bank at its own risk; the total amount of assistance granted was 518.7 million. Mainly because of delays in bringing the new Financial Protocol with Turkey into force, special operations financed from budgetary funds were, in contrast, for very small sums. The entry into force of this Protocol on 1 January 1973 and the pursuance of activities under the Second Yaoundé Convention should allow a vigorous renewal of these operations.

Table 1 : Loans, Guarantees and equity participation

	1971		1972		Variations in 1972 by comparison with 1971	
	Number	Amount million u.a.	Number	Amount million u.a.	Million u.a.	%
Ordinary operations	50	491.5	34	518.7	+ 27.2	+ 5.5
comprising:						
Loans	47	454.6	33	501.6	+ 47.0	+ 10.3
Guarantees	3	36.9	1	17.1	- 19.8	- 53.7
Special operations (1)	2	10.7	5	8.1	- 2.6	- 24.3
Total	52	502.2	39	526.8	+ 24.6	+ 4.9

(1) Operations on special conditions financed from the resources of the Member Countries (Turkey) and from the European Development Fund (AAMS) including an equity participation of 1 million in 1972.

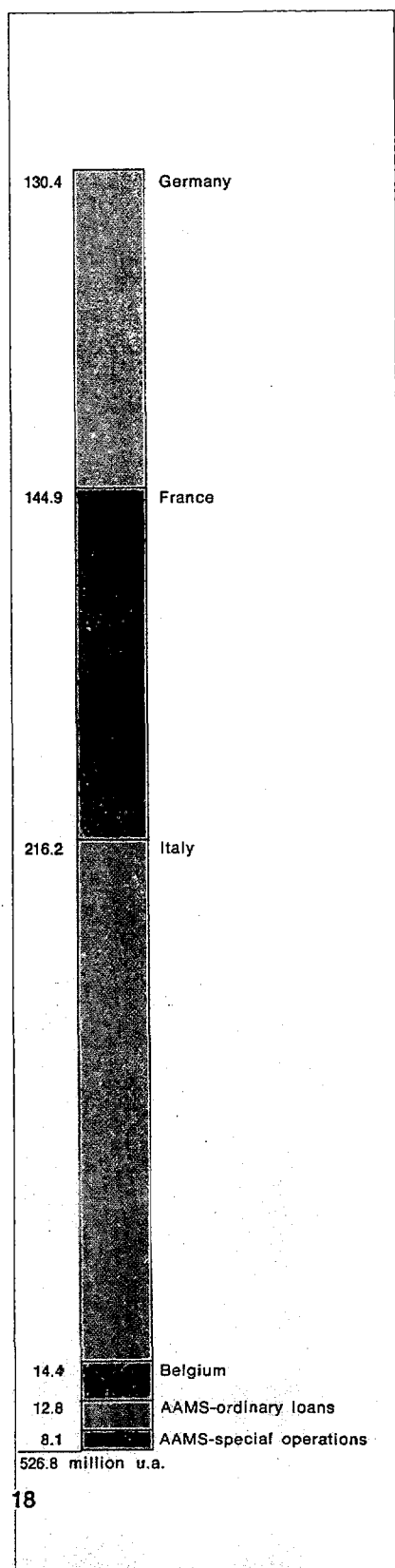
The Bank has contributed to a total volume of capital investments of some 2 thousand million units of account.

Total capital investments in projects financed in 1972 amounted to approximately two thousand million units of account. The Bank's average participation in the financing of these investments was 25% (26% in the case of infrastructure projects, and 21% for industrial projects), which was higher than the average for previous years (21%). A larger proportion of the investments, i.e., 37% on average, was financed by appropriations on global loans.

(1) All statistical tables and graphs refer to contracts signed during the period under review. Except where otherwise indicated all the amounts quoted are expressed in units of account (see page 6). Differences shown by comparison of totals indicated with those obtained by the addition of individual amounts are due to rounding out.

Table 2 : Loans, guarantees and equity participation in 1972

Breakdown by type of financing and by country



Country	Number of projects	Amount (million u.a.)	% of total
Ordinary operations			
Member Countries :			
Germany	10	130.4 ⁽¹⁾	24.8
France	7	144.9	27.5
Italy	12	216.2	41.0
Belgium	1	14.4	2.7
Total	30	505.9	96.0
<i>including guarantee ⁽²⁾</i>	<i>1</i>	<i>17.1</i>	<i>3.3</i>
Associated Countries :			
AAMS			
Cameroon	1	0.6	0.1
Ivory Coast	2	9.2	1.7
Ivory Coast and Upper Volta	1	3.0	0.6
Total	4	12.8	2.4
Ordinary Operations total	34	518.7	98.5
Special operations ⁽³⁾			
AAMS			
Congo-Brazzaville	1	2.0	0.4
Ivory Coast	1	1.0	0.2
Dahomey	1	3.3	0.6
Gabon	1	0.8	0.1
Senegal	1	1.0	0.2
Special operations total	5	8.1	1.5
<i>including equity participation ⁽⁴⁾</i>	<i>1</i>	<i>1.0</i>	<i>0.2</i>
Grand total	39	526.8	100.0

(1) Including a 29.7 million units of account loan to SNAM SpA for the construction of the German section of the pipeline for conveying Netherlands natural gas to Italy.

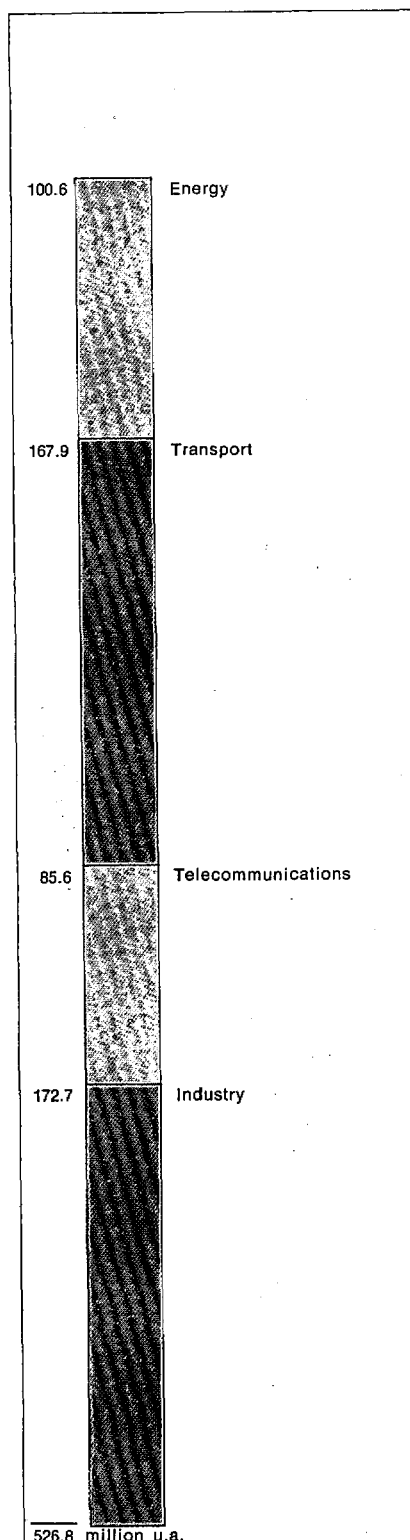
(2) Project located in Germany.

(3) Loans on special conditions from the resources of the European Development Fund having formed the subject of a financing proposal or recommendation by the Bank and a financing decision by the Commission of the European Communities.

(4) Project located in the Ivory Coast.

Table 3 : Loans, guarantees and equity participation in 1972

Breakdown by sector
(including appropriations on global loans)



Sector	Number		Amount		
	Loans, guarantees and equity participation	Appropriations on global loans	Million u.a.	Total %	of which: Appropriations on global loans (million u.a.)
Infrastructure works	17	—	354.1	67.2	—
Energy (generation and transmission)	4	—	100.6	19.1	—
Transport	9	—	167.9	31.9	—
comprising :					
Railways	1	—	3.0	0.6	—
Roads and bridges	3	—	73.3	13.9	—
Airlines	1	—	25.2	4.8	—
Port installations	2	—	6.7	1.3	—
Gas pipelines	2	—	59.7	11.3	—
Telecommunications	4	—	85.6	16.2	—
Industry	22	36	172.7	32.8	21.3
Extractive industries	1	—	5.7	1.1	—
Iron and steel semi-processing	3	1	38.6	7.3	0.6
Construction materials	5	6	35.7	6.8	3.2
Chemicals	2	2	22.8	4.3	0.7
Metal working and engineering	1	7	10.1	1.9	3.8
Motor vehicles, transport equipment	1	2	7.5	1.4	1.6
Electrical engineering, electronics	1	4	18.3	3.5	2.5
Foodstuffs	1	6	8.2	1.6	4.9
Textiles and leather	3	5	8.8	1.7	2.3
Paper pulp and paper	—	2	1.3	0.2	1.3
Rubber and plastics processing	1	1	3.8	0.7	0.4
Global loans	3	—	11.9 (1)	2.3	—
Grand total	39	36	526.8	100.0	21.3

(1) Difference between the global loans granted in 1972 (33.2 million) and the appropriation effected during 1972 on global loans granted in previous years (21.3 million).

Loans and guarantees in the Community

**505.9 million units of account
for investments
in the Community,**

**two thirds
of which went
to regional development.**

**Marked increase in loans for
investments of common
European interest.**

**216 million units of account,
41 % of Bank aid within
the Community,
lent in Italy**

**for industrialisation
of the Mezzogiorno**

Projects in Member Countries accounted for almost all the ordinary operations in 1972; 29 loan contracts and one guarantee contract were signed in their favour for a combined total of 505.9 million units of account, representing an increase of 36.9 million, i.e. 8% over the previous year.

The breakdown of projects financed by the Bank within the Community in 1972 according to the economic policy objectives corresponding to the tasks set out in Article 130 of the Treaty of Rome is shown in Tables 11 and 12 on page 68.

With more than two thirds of the total amount of loans granted, financing operations in favour of economically backward regions or areas of industrial redevelopment continue to occupy a predominant place in the Bank's activities. As in previous years, they relate principally to investments in regions which are less developed in the proper sense of the word, mainly in Southern Italy, but also in France and Germany.

The dominant feature of the last financial year was nevertheless the vigorous expansion of loans for projects of common interest. These almost doubled by comparison with 1971 and constitute almost 30% of financial aid granted. They relate principally to energy infrastructure or communications of general European interest.

Apart from a massive development of aid granted for energy investments, and communications infrastructure and equipment, the main features of operations within the Community were : the continuance of a heavy concentration on Italy, despite a slight reduction in financing in this country by comparison with 1971, a 16% increase in loans in France and a doubling of loans in Germany.

It was in Italy that the Bank's activities continued to have the greatest impact. Despite a slackening resulting from various difficulties, mainly related to the economic situation, Bank aid reached a sum of 216 million units of account (1); it was granted essentially in favour of Southern Italy, Sicily and Sardinia.

The greater part of this aid was granted through financial intermediaries. This was particularly the case with four loans granted through the Istituto Mobiliare Italiano — IMI —, and three loans granted through the Cassa per il Mezzogiorno, two of which were handled by the Istituto per lo Sviluppo Economico dell'Italia Meridionale — ISVEIMER — and the third by the Credito Industriale Sardo — CIS. These loans, which together total 88.5 million, were intended to finance various industrial projects, including extension of the iron and steel complex at Taranto (29.7 million), a factory producing special titanium-based alloys in Sardinia, two large cementworks, at Maddaloni in Campania and Samatzai in Sardinia, structural reinforcement of a SNIA Viscosa synthetic fibre factory at Paliano in Lazio, two FIAT works in Abruzzi, one at Sulmona for the manufacture of steering gear and the other at San Salvo for the production of electrical equipment for

(1) This total does not include the loan of 29.7 million granted to SNAM for construction of the German sector of a pipeline to supply Italy with natural gas from the Netherlands.

motor vehicles. In addition the Bank granted IMI a global loan of 24.7 million to be assigned to various small and medium-sized industrial ventures.

Appropriations on global loans previously granted to ISVEIMER, CIS and IRFIS made possible the financing of 29 individually modest investment projects in the Mezzogiorno for a total of 19.6 million units of account.

**and
for the telecommunications
and motorway systems.**

Sums made available to Italy for infrastructure projects remain at 102.9 million, of the same order as for the two previous financial years; their proportion of the total aid granted by the Bank in this country, namely 48%, is nearer the level reached in 1970 (51%) than in 1971 (41%).

The four infrastructure projects financed in 1972 relate to improvements to the telecommunications system in Campania (29.7 million) and three motorways (73.3 million), two of which will contribute to the development of the South: the section of the Ionian motorway from Bari to Massafra near Taranto will provide a modern connection between the two focal industrial development points of Apulia, while the motorway by-pass at Naples will contribute to relieving traffic congestion in the urban centre. Finally the second carriageway on the Multedo-Albisola section of the Genoa-Savona motorway is intended to give Italy a more effective connection with the European network.

**In France,
144.9 million
units of account lent**

In France, seven loans for a total sum of 144.9 units of account are almost entirely earmarked for investments of regional interest; approximately three-quarters will contribute to improving less developed regions, whereas 23% relate to local projects in regions where the main economic activities are undergoing fundamental changes, a problem of considerable importance in France.

**for small and
medium-sized
industrial projects,**

A global loan of 2.7 million was contracted with LORDEX, a regional development company in Lorraine, for financing small and medium-sized projects. It should be recalled that global loans had been granted in 1970 and 1971 to Société Alsacienne de Développement et d'Expansion — SADE — and Société de Développement Régional de l'Ouest — SODERO. Seven appropriations followed in 1972, six in Alsace and one in the Loire region, for a total of 2.8 million.

**a nuclear power station
in Alsace,
a gas pipeline**

In the industrial sector a single direct loan of 1.8 million was also granted for lime production in Provence; because of the prevailing economic situation French industrial firms were able to obtain the funds required to finance their investments from the national banking system, without incurring any exchange risk.

**and telecommunications and
air transport networks.**

The five other loans for a total of 140.4 million, i.e., 97% of financial aid granted to France, were therefore made for infrastructure projects. Two of these, the nuclear power station at Fessenheim in Alsace and the pipeline network carrying natural gas from the methane terminal at Fos in Provence, were related to the generation and transmission of energy.

Two other loans have been used to improve the telecommunications system in Auvergne and Aquitaine. Finally, a loan was granted to Air Inter to enable it to develop its air fleet for inland services which are so necessary to open up the less accessible regions of France.

The Bank granted loans totalling 26 million units of account for the construction of two cement works in Sardinia and Campania.

**In Germany,
130.4 million units of account
lent for two
nuclear power stations,
a gas pipeline of
common European interest**

Five projects of interest to the Community received loans totalling 99 million, that is to say more than three-quarters of the total amount of 130.4 million granted for ten financing operations in **Germany**. Of this sum 85.9 million relates to two nuclear power stations at Brunsbüttel in Schleswig-Holstein and Philippsburg in Baden-Württemberg and the German section of the pipeline for conveying natural gas from the Netherlands to Italy, while 12.9 million relates to one loan for the working of a deposit of rock-salt at Epe, in North Rhineland - Westphalia, and another for iron and steel works plant at Völklingen in the Saar. The projects help to modernise the firms receiving the loans and entail cooperation between industries in several countries of the Community.

**and various
industrial projects.**

Four other loans and a guarantee for a combined total of 31.6 million are intended for the advancement of less developed regions, which will also benefit from the financing of the nuclear power station located in Schleswig-Holstein. Two of the projects concerned are located in Lower Saxony, one of them involving the conversion and extension of a tyre factory at Reinsdorf, the other the enlargement of a factory producing aluminium and lead-based products at Hannoversch Münden. Beneficiaries in Bavaria are the olefine factory at Münchsmünster, for which a guarantee contract was granted, and the factory producing plaster-board panelling at Rothenburg o.d. Tauber. Finally, a global loan contract was signed with the Landesbank und Girozentrale Schleswig-Holstein, which will cover appropriations for small and medium-sized industrial projects in Schleswig-Holstein.

**14.4 million units of account
for a nuclear power
station in Belgium.**

Because of the relatively low interest rates in force in the Benelux countries, only one loan for 14.4 million units of account was granted in **Belgium**, complementing a first loan contract of 16 million signed in 1970 for the construction of the nuclear power station at Tihange. A number of Belgian electricity-generating companies and Electricité de France have entered into partnership to construct and operate this power station which should also help to reshape economic activities in the region of Liège.

* * *

**More than two-thirds
of assistance for energy and
communications
infrastructure.**

The list of projects financed in 1972 is given on pages 64 and 65. The Bank's financing operations during 1972 have been especially concerned with the development of infrastructure. Loans in this category in 1971 represented only 45% of the total amount of operations in the Member Countries, whereas in 1972 they made up more than two-thirds.

The Bank's activities have been especially directed towards the improvement of communications : motorways (73 million), air transport (25.2 million), telecommunications (86 million), and, even more particularly, in accordance with the guidelines adopted by the Community authorities, towards energy infrastructure, nuclear power stations and gas pipelines of common European interest.

Energy generation and transmission alone benefited from 6 loans for a total of 160.3 million, i.e. 30% of the Bank's total operations.

Four of these loans for 100.6 million units of account were assigned for the construction of nuclear power stations in Germany, France and Belgium. Two

others were granted for the construction of gas pipelines, one to carry Netherlands natural gas to Italy via Germany, the other in France, to convey natural gas imported from Algeria along the Mediterranean coast and the valley of the Rhone from the revaporisation terminal at Fos-sur-Mer. Some of these projects are interesting from the point of view of regional development, but the main value of all of them is, by diversifying energy supplies, to remedy the growing dependence of the Community on outside sources to meet its energy requirements. In fact, at the present time, the Community has to supply two-thirds of its needs from imports. Accordingly, in a document dated 4 October 1972, entitled " Necessary progress on the Community Energy Policy " the Commission showed a very positive interest in the development of the Bank's activities in this field.

The Bank's aid to industry concerned

The reduction in assistance provided to industry is due firstly to the poor level of investment by private enterprise, throughout the year in Italy and, to a lesser degree, during the first half of the year in the other Member Countries. Moreover, the requirements of firms for finance were fairly easily met by the domestic financial markets which had ample liquid funds available. Finally, although the international monetary situation was as a whole less disturbed than in 1971, many borrowers continued to be apprehensive of possible changes in rates of exchange.

20 investments in basic industries and 35 investments in the manufacturing industries.

Table 3, which shows not only the overall loan and guarantee picture, but also appropriations on global loans approved during the year, makes it clear that it was the basic industries — mining and quarrying, production, iron and steel semi-processing, construction materials, and the chemical industry — which, because of their larger unit sizes, received the largest share of financial aid granted by the Bank to industry, involving 20 operations for a sum of 103 million units of account out of a total of 161 million. In contrast, loans to the manufacturing industries — metal working, mechanical engineering, textiles and leather, the foodstuffs industry, electrical engineering and electronics — although more numerous, received only 58 million for 35 investments.

The main sectors receiving the Bank's aid in 1972 were : iron and steel production and semi-processing (38.6 million), construction materials (35.7 million), the chemical industry (22.8 million), electrical engineering (18.5 million), mechanical engineering and the motor vehicle industry (17.6 million).

The average amount of a loan increased appreciably. It rose to 13.5 million units of account compared with 9.7 in 1971 because of the development of infrastructure aid, which is generally for large unit amounts, and the increase in prices which was particularly acute in 1972, especially as regards construction and capital goods.

This tendency for unit amounts to increase is to some extent remedied by the system of global loans granted to a national or regional financial institution to be used for subsequent appropriations for small or medium-sized projects which are approved by the Bank through an abridged appraisal procedure. The intermediation of these institutions enables the Bank, without disproportionate expense or delay, to promote a system of diversified industrial enterprises com-

Appropriations on global loans have financed 36 industrial investments relating to modest-sized establishments employing large labour forces.

Direct loans represent more than half the volume of the operations.

plementing the infrastructure and large production units which the Bank finances by its direct loans, thus ensuring balanced development of regional economies. The small and medium-scale ventures financed in this way generally relate to industrial sectors employing a relatively greater labour force than large projects: in the Community, investment per job created in the case of investments financed by a global loan is on average only 14,900 units of account for the whole of the period 1969-1972, compared with 63,500 in the case of industrial projects financed directly with Bank aid during the same period. In 1972, 36 appropriations were approved in connection with global loans previously granted; they correspond to a total sum of 21.3 million, that is to say an average of 0.6 million per appropriation.

As shown in Table 4, direct individual loans varied little in number in comparison with the previous financial year, but as the average unit amount increased, the proportion of the total operations which they represented was larger.

Individual loans granted through institutions still represent appreciable amounts, despite a substantial falling away due to a sharp reduction in the number of operations effected through the Cassa per il Mezzogiorno. These, in fact, fell from 115 million units of account in 1971 to 33 million in 1972, mainly because of delays bound up with the implementation of new legislation in favour of the Mezzogiorno and the large amounts of national funds which the Cassa per il Mezzogiorno had at its command.

The amount of global loans granted during the financial year increased by 50% by comparison with the previous year. However, it still remains modest: 33.2 million for three loans which will contribute to financing an increased number of small and medium-sized industrial projects.

With one exception, operations in the Member Countries all took the form of loans. Unlike previous years, there were no guarantees under the heading of operations under mandate for the account of German financial institutions, since the rate of interest would have been too high. On the other hand, the Bank, for the first time, gave its guarantee in respect of a loan granted by a third party in Germany.

Table 4: Loans and guarantees in the Community

Breakdown by type of financing

	1971			1972		
	Number	Amount		Number	Amount	
		Million u.a.	%		Million u.a.	%
Direct individual loans . . .	17	208.8	44.5	16	282.2	55.8
Indirect individual loans . . .	23	201.3	42.9	10	173.4	34.3
Global loans	3	22.0	4.7	3	33.2	6.5
Guarantees	3	36.9	7.9	1	17.1	3.4
Total	46	469.0	100.0	30	505.9	100.0

Loans and equity participation in the Associated Countries

Nine financing contracts were signed in 1972 in the associated African countries. Four relate to ordinary loans from the resources of the Bank for 12.8 million units of account and five to special operations from the resources of the European Development Fund for 81 million units of account.

In Africa, the Bank granted loans totalling 12.8 million units of account from its own resources for

cement production in Cameroon,

improving access to Abidjan harbour,

the modernisation programme of the Régie du Chemin de Fer Abidjan-Niger,

developing the textile industry in the Ivory Coast.

Of the four loans from own resources, one went to the United Republic of Cameroon and the remaining three to the Republic of the Ivory Coast.

In the **United Republic of Cameroon** the project for extending CIMENCAM's clinker-crushing mill in Bonabéri (0.6 million) is geared to meeting rising demand for cement from the southern and central regions of the country by doubling production capacity to over 240,000 metric tons of cement per year. CIMENCAM also operates a cementworks in Figuil in the north of the country, which received a loan on special conditions from the resources of the EDF in 1968.

The three loans in the **Republic of the Ivory Coast** are for transport and the textile industry.

The first loan for 4.7 million is for financing work on improving access to Abidjan harbour so that vessels with a draught of 10 and a length of 260 metres can put into the port.

The second loan which also assists Upper Volta, provides up to 3 million to finance the programme for renovating and augmenting the Abidjan-Niger State Railway's - Régie du Chemin de Fer Abidjan-Niger (RAN) - pool of rolling stock. The main purpose of the programme is to provide increased capacity, mainly for passenger transport and for cattle exports from the Upper Volta and Mali to the consumer centres of the Ivory Coast. A previous loan on special conditions from the resources of the European Development Fund had been made to the RAN in 1968 for renovating a 105 km section of permanent way between Agboville and Dimbokro.

The third loan for 4.5 million was granted to the Union Industrielle Textile de Côte d'Ivoire (UTEXI) for the construction of a spinning and weaving mill in Dimbokro with an initial annual capacity of 4,500 metric tons of unbleached cloth made from cotton grown in the country, about 20% of which will be exported. Plans are to increase production capacity eventually to 12,500 metric tons. The project will develop the country's textile production industry and widen the economic scope of a region of the Central Ivory Coast which has hitherto been based principally on agriculture.

These four ordinary loans carried interest rebates on the resources of the European Development Fund at the prescribed fixed rates of 2 or 3% for the industrial projects and at the special rates of 2% for the RAN project and 4.5% for the Abidjan harbour infrastructure project.

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Ordinary loans and special operations from 1964 to 1972

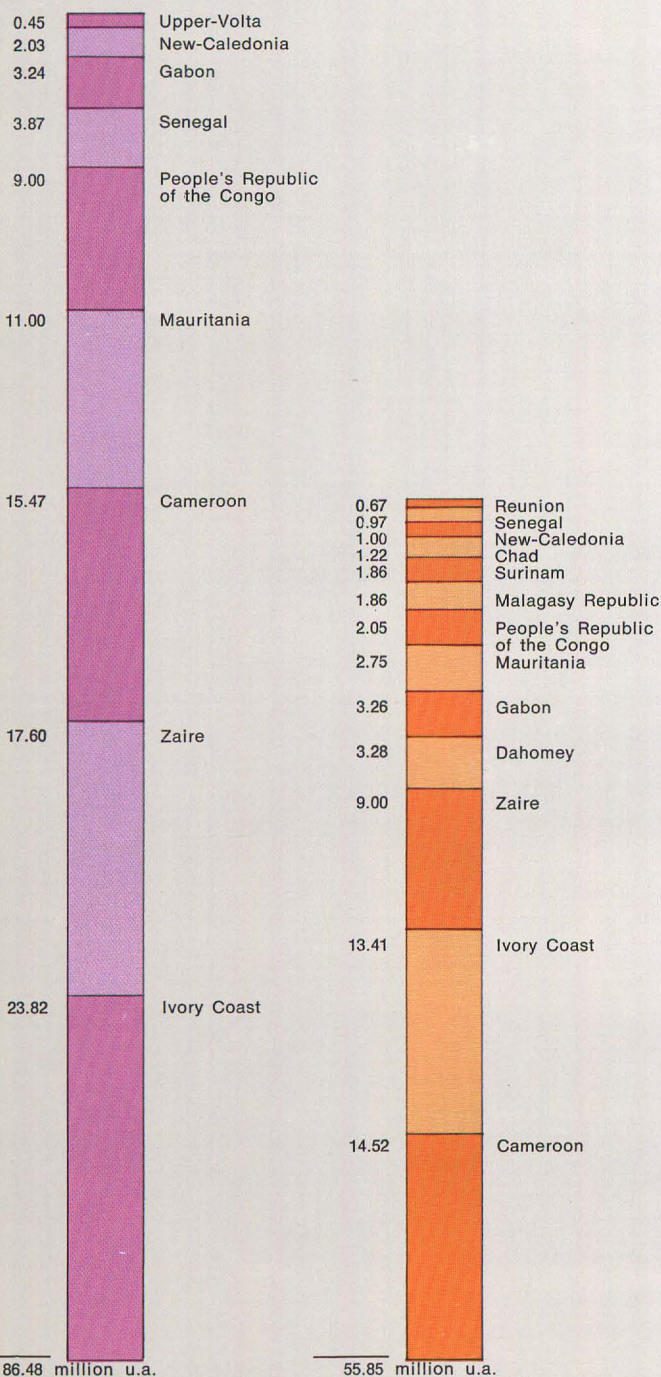


Ordinary loans

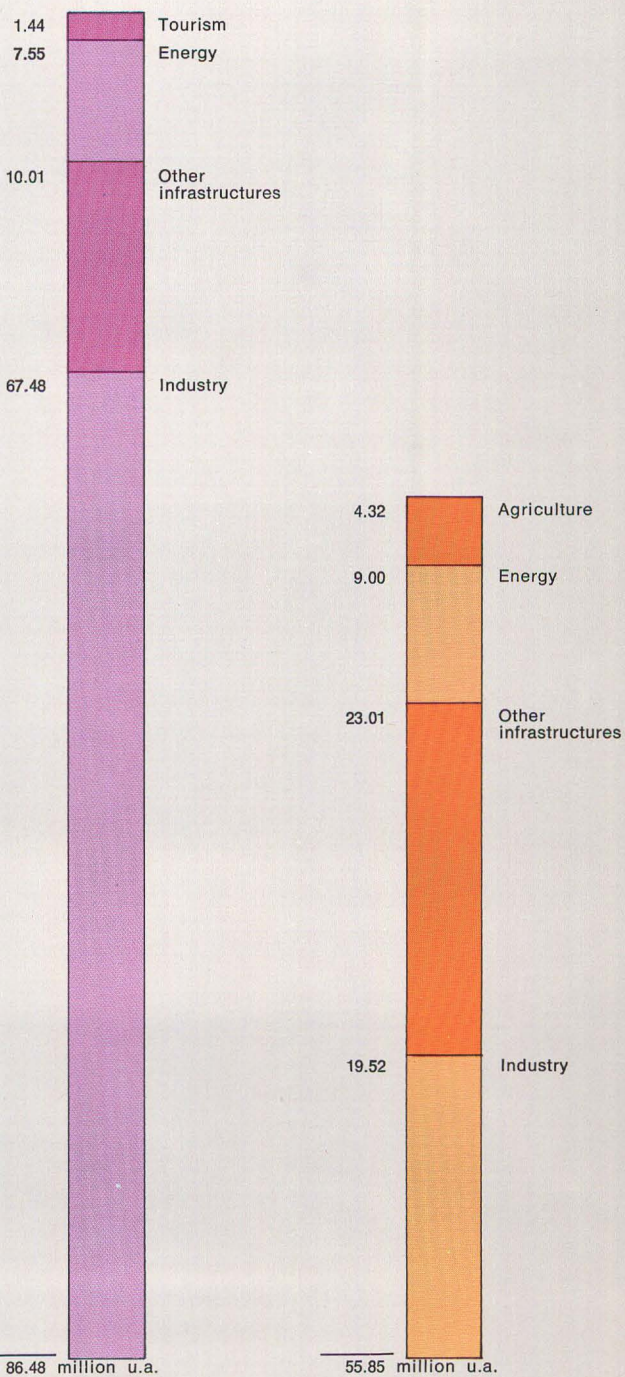


Special operations from the resources of the European Development Fund

Breakdown by country



Breakdown by sector



From the resources of the European Development Fund : an equity participation in the Ivory Coast

For the UTEXI project the Bank employed for the first time a new form of financing provided for under the Second Convention of Association in availing itself of the resources of the European Development Fund, for the account of the European Economic Community, to subscribe to an equity participation equivalent to one million units of account in the capital of the UTEXI Company. This operation stands as an example of the coordination of the different types of Community development aid provided under the Yaoundé II Convention.

and four loans on special conditions

As agent for the Community the Bank also signed four contracts for loans on special conditions from the resources of the European Development Fund for a total 7.1 million units of account to finance two industrial projects, which the Bank has prime responsibility for appraising, and two infrastructure projects in respect of which the Bank is consulted for its recommendation.

The 3.3 million loan granted to the Société Nationale pour le Développement Rural (SONADER), is to back construction of a palm-oil works in the **Republic of Dahomey** to cater for the industrial development of the 7,000 hectare palm-plantation financed by grant aid from the European Development Fund. The Community countries are to be the main outlet for the oil production.

for two industrial projects in Dahomey and Senegal,

The project financed by a 1 million loan in the **Republic of Senegal** is for the construction of a cotton-ginning mill in Vélingara in the Casamance region and boosting the capacity of the Kahone mill in the Sine-Saloum region. It will increase Senegal's ginning capacity from 32,000 to 56,000 metric tons of cotton-seed per year and advance Senegal's fourth cotton development programme, which is part-financed by grant aid from the European Development Fund.

and two infrastructure projects in the Congo and Gabon.

In the **People's Republic of the Congo**, a 2 million loan was granted to the Agence Transcongolaise des Communications (ATC) for increasing storage and handling capacities in the port of Brazzaville and acquiring a deep-sea tug for Pointe Noire harbour. The loan will enable the ATC to cope with the considerable increase in traffic recorded over recent years and that forecast for the next decade as a result of the extension of lumbering to new forestry areas in the interior of the country and in the neighbouring countries.

The Office des Postes et Télécommunications (OPT) of the **Republic of Gabon** received an 0.8 million loan for financing a telephone and telegraph radio link between Mouila and the Moanda and Franceville region. The purpose of the new equipment is to ensure prompt and reliable communications connecting the mining region of Gabon with both the capital and the port of Pointe Noire in the People's Republic of the Congo, which is the export outlet for Gabon manganese worked in the Franceville region.

* * *

The Council of Ministers of the Community approved another loan on special conditions before the end of the financial year for an integrated project studied in conjunction with the Commission and relating to the setting up of a sugar cane plantation and a sugar refinery in Banfora in the south-west of Upper Volta. The financing contract has not been signed yet.

During the 1972 financial year the Bank also gave its advice on three other loans on special conditions totalling 9.7 million units of account and formulated the financing plans. The loans have just been approved by the Commission.

* * *

**The Second EEC-Turkey
Financial Protocol
came into effect on
1 January 1973.**

The Second Financial Protocol between the European Economic Community and **Turkey**, signed 23 November 1970, finally came into effect, after ratification, on 1 January 1973. It provides for aid in the form of loans on special conditions granted by the Bank on the mandate of and from the resources of the Member States up to a total of 195 million units of account to be committed before 23 May 1976. The Community will also study the feasibility of supplementing its aid with loans of up to 25 million granted by the European Investment Bank from its own resources at its usual conditions.

The Supplementary Financial Protocol on financial aid from the enlarged Community has been approved by all the parties concerned but has not yet been signed. The additional aid forthcoming from the new Member Countries should increase the maximum amount of loans on special conditions to 242 million units of account.

Consequently, the Bank's activities in Turkey in 1972 have been confined to implementing loans granted under the First Financial Protocol and to appraising projects qualifying for financing under the Second Protocol, with a view to a prompt start to loan operations once the Protocol came into effect. Several operations have already been agreed and concluded since the beginning of 1973. The loans will mainly finance energy, transport, petrochemical, manufacturing industry and pre-investment study projects.

The revolving fund operations introduced in 1971 were continued in 1972. They work as follows: the Turkish State employs the substantially long-term loans granted to it by the Bank to make far shorter term loans mainly to finance industrial projects. Repayments in local currency by firms to the Turkish State of sums before these are due for repayment to the Bank, are accordingly available to the State for re-lending, subject to the consent of the Bank, for financing further projects. The first loan of this kind was granted in 1971 to the Türkiye Sinaî Kalkınma Bankası (TSKB, Industrial Development Bank of Turkey) in the form of a global loan for 45 million Turkish pounds (3 million units of account) for financing private sector industrial projects in 1971/72. At 31 December 1972, TL 37.8 million of this global loan had been appropriated (2 appropriations for TL 8.0 million in 1971 and 7 for TL 29.8 million in 1972) for financing nine projects in the foodstuffs, engineering, textiles and plastics sectors.

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Loans, guarantees and equity participation from 1958 to 1972

**The total aid granted
by the Bank since 1958
amounts to 2,800 million
units of account.**

From its inception to end 1972, the Bank has signed 408 contracts for an aggregate 2,842.0 million units of account.

The total of the capital investments to which the Bank has contributed amounts to some 13,000 million (1), which brings the Bank's average contribution to about 22%.

Tables 9 to 15 on pages 66 to 70 give the breakdown of the Bank's activities since its foundation by type of financing, country, sector and objective within the terms of reference of Article 130 of the Treaty of Rome.

**86% of the aid has been
granted in the Community,
including 58% in Italy.**

In pursuance of its primary mission the EIB granted the majority of its aid during the period 1958-1972 in the Member Countries. Operations for projects located in the Community totalled 2,455.5 million or 86% of the total aid granted by the Bank over this period. The Bank has contributed towards a total investment of 11,000 million, which will lead to 93,000 new jobs and make 32,000 others secure.

The 310 contracts signed by the Bank for projects in the Community relate to :

- 290 individual loans totalling 2,255.5 million;
- 11 global loans totalling 90.0 million for financing small and medium-scale industrial ventures through financial institutions; and
- 9 guarantees totalling 110.0 million.

In accordance with the Bank's specific mission with regard to regional development, and because of the economic backwardness of the south of that country, Italy is easily the largest beneficiary of financing operations with 1,412.3 million units of account or 58% of the Bank's aid to projects within the Community. France occupies second place with 23%, followed by Germany with 14% and the Benelux countries with 5%.

Tables 11 and 12 show that about three-quarters of the total amounts committed by the Bank in the Community since its foundation have related to financing operations in the less developed regions or, though to a lesser extent, in regions with obsolete industries faced with problems of redevelopment. Nevertheless projects of common European interest have grown in number recently and now account for slightly more than 22% of the Bank's total financial aid. These are mainly infrastructure projects of European interest; investments promoting

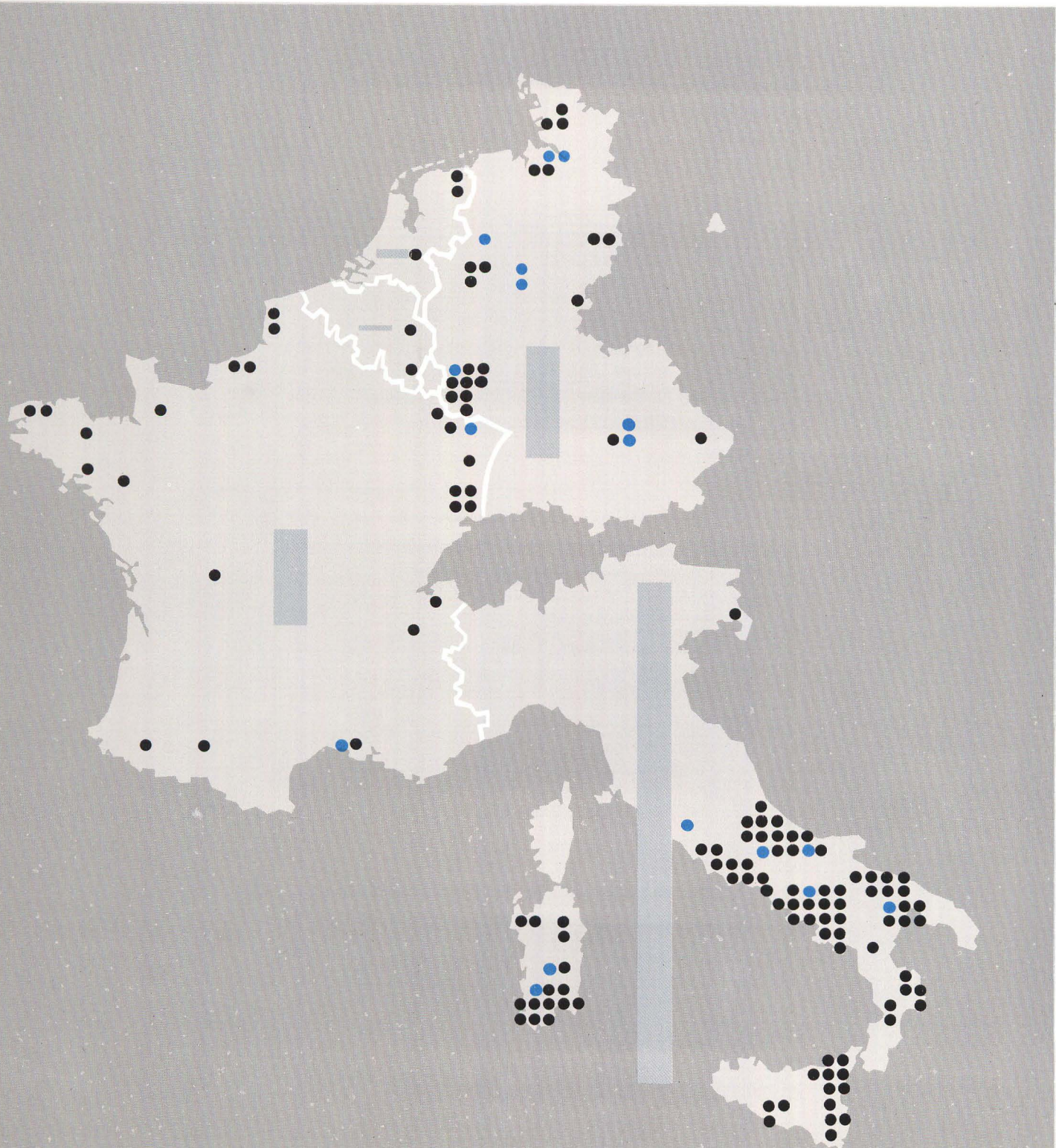
(1) This represents the total amount invested for civil engineering works and installations in respect of all projects backed by the Bank, calculated from data used as a basis for the promoter's financing plans at the time of the Board of Directors' approval of the Bank's participation.

Industrial projects financed from 1958 to 1972

1958 to 1971 ●
 in 1972 ●

The columns are proportional to total loans

	Number of projects	Amount million u.a.
Germany	29	154.1
France	25	132.8
Italy	156	689.0
Netherlands	3	20.8
Belgium	2	10.8
	<u>215</u>	<u>1,007.5</u>



industrial co-operation in advanced technology sectors are still fairly limited in amount as are those for industrial modernisation or redevelopment (slightly over 2 % in all).

14 % of the total aid granted since 1958 has gone to the Associated Countries.

The Bank first started its operations in the **Associated Countries** in 1963. They have received about 14 % of the funds raised by the Bank during the 1958-1972 period. This proportion would have been appreciably higher, had not the Bank's activities in these countries, over the last three years in particular, been considerably hampered by the long negotiations and ratification procedures with respect to the Conventions of Association and the Financial Protocols with the AAMS and, subsequently, Turkey. During the period under review 98 contracts totalling 386.5 million units of account were signed for the benefit of the various Associated Countries: Turkey 175.0 million (45%), the AAMS and OCT 142.3 million (37%) and Greece 69.2 million (18%).

In the Associated African and Malagasy States and Overseas Countries and Territories the Bank has signed 47 contracts from 1 January 1964, the date of the entry into effect of the first Association Agreements, to 31 December 1972. These contracts are divided between 26 ordinary loans from the resources of the Bank for 86.5 million and 21 financing operations from the resources of the European Development Fund, comprising 20 loans on special conditions totalling 54.8 million and one equity participation for 1 million. The graph on page 32 shows the breakdown of these operations by sector and by country. The loans have gone towards investments valued at 670 million units of account and are directly responsible for creating 35,000 jobs, an addition to output of some 220 million and an increase in foreign exchange receipts of about 150 million.

Under the First Protocol which came into effect on 1 December 1964, 36 loans on special conditions from the resources of the Member States have been granted in Turkey for a total 175 million units of account as planned. These loans have gone toward investments aggregating approximately 1,100 million units of account involving the creation of over 15,000 jobs.

58 % of the total aid committed by the Bank since 1958 has gone towards financing infrastructure.

The breakdown by **economic sector** of all projects financed shows that about 58 % of the total funds committed by the Bank from 1958 to 1972 was for financing infrastructure projects of economic interest, headed by transport (29%), followed by energy (13%), telecommunications (9%) and agricultural development (5%) (cf. Table 10).

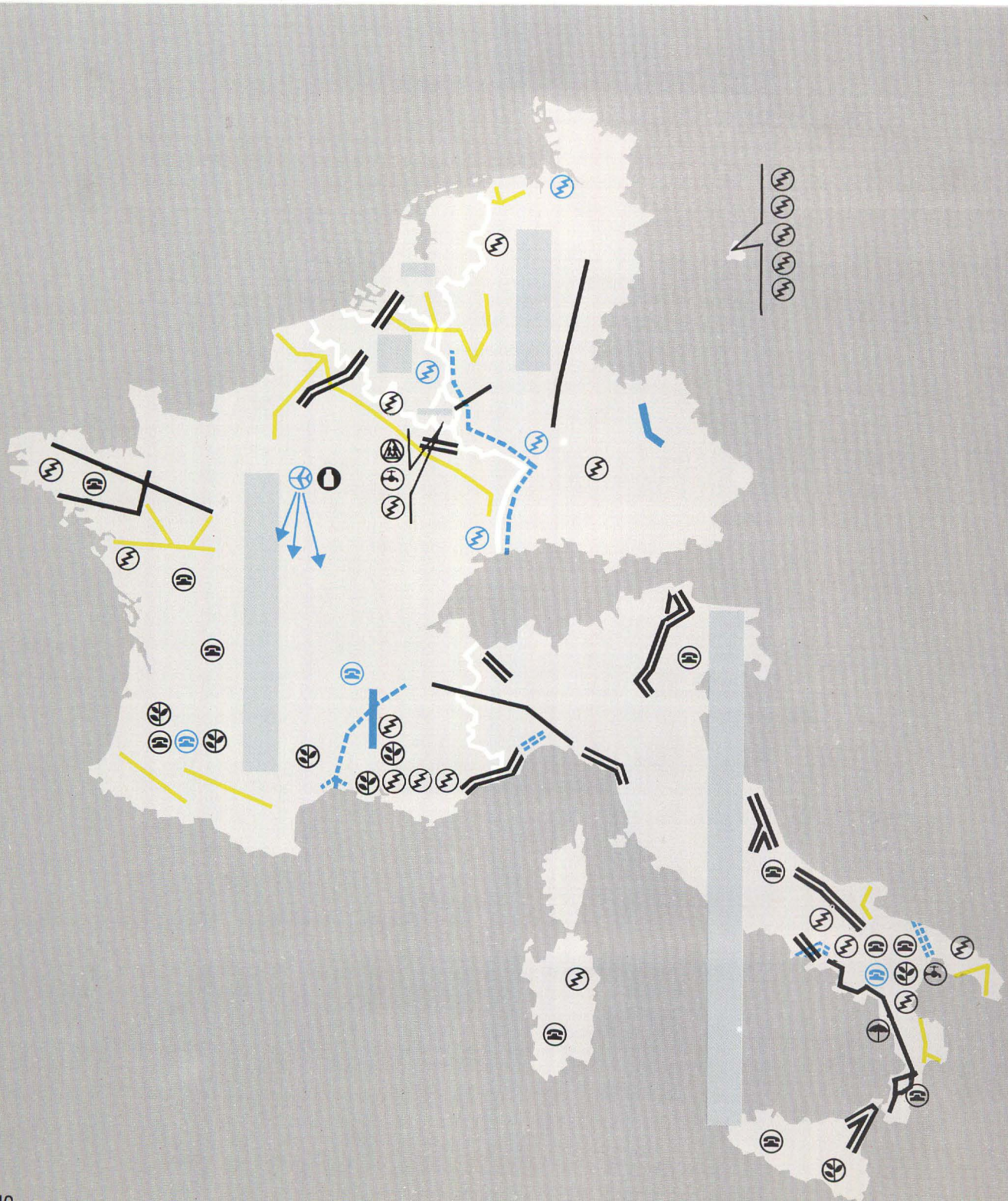
Industry and public utilities together accounted for about 42 % of the total amount of financing, which was slightly weighted towards the chemical industry (11 %) and the iron and steel semi-processing industry (9%), with the mechanical engineering and motor vehicle industries some way behind (6%). Although the basic industries taken as a whole account for the majority of the aid granted, having received 61 % of the total of finance allocated to industry, the manufacturing industries have also received very substantial sums. A great many

Infrastructure projects financed from 1958 to 1972

- | | | |
|-----------------------------|---------|------|
| | 1958-71 | 1972 |
| Agricultural infrastructure | | |
| Tourism | | |
| Energy | | |
| Telecommunications | | |
| Agricultural development | | |
| Supplying drinking water | | |
| Motorways | | |
| Gas pipelines | | |
| Railways | | |
| Waterways | | |
| Air transport | | |
| European School | | |

The columns are proportional to total loans

	Number of projects	Amount million u.a.
Germany	15	199.5
France	31	437.7
Italy	40	723.3
Netherlands	2	22.1
Belgium	4	56.4
Luxembourg	3	9.0
	<hr/>	<hr/>
	95	1,448.0



smaller-scale ventures have thereby benefited under the " global loan " procedure, which has been in use since 1969 and has provided finance for a considerable number of operations in this area.

The bulk of the appropriations on global loans granted in the Community (Table 15) have gone to the metalworking and mechanical engineering industries (23%) and to the foodstuffs (16%), construction materials (10%) and rubber and plastics processing (10%) industries.

Resources ⁽¹⁾

The resources of the Bank have increased by over 20 % compared with 1971.

The Bank took in the equivalent of 479,5 million units of account from the capital markets.

240 million borrowed in Member Countries' currencies,

198 million units of account worth of dollar borrowings on the international market

and 24.0 million units of account in Switzerland under the Association Agreement concluded with the Helvetic Confederation.

The total funds of the Bank at 31 December 1972 deriving from paid-up capital, loan issues and accrued profits appropriated to the statutory and other reserves stood at 2,189.8 million against 1,808.6 million at 31 December 1971, representing a 381.2 million increase in absolute terms and a 21 % increase in relative value over the year. This increase is attributable to a net increase in borrowings of up to 359.3 million and accrued profits for the year of 21.9 million appropriated to the statutory and other reserves.

During the 1972 financial year the Bank's calls on the financial markets reached the hitherto unequalled total of 479.5 million units of account compared with 412.9 million in 1971 and 168.9 million in 1970.

Loan issues totalled 462.0 million and third party participations in financing the Bank's loans 17.5 million (Table 5). Co-operation from the monetary authorities in all the Member Countries enabled the Bank for the second time in its history to build up its resources in the six Community currencies to the extent of 240 million, by carrying out twelve borrowing operations, eight of which, totalling 137 million compared with 127 million in 1971, were placed exclusively with investors or depositors in the country of origin of the currencies in which the securities were denominated.

During the year the Bank borrowed the equivalent of 63.3 million units of account in lire, 57.2 million in Deutsche Mark, 32.9 Belgian francs, 31.5 million in French francs, 28.4 million in guilders and 26.7 million in Luxembourg francs.

However, these resources alone would not have enabled the Bank to continue to develop its activities uniformly. The Bank was obliged to step up its dollar issues on the international capital market and they amounted to the equivalent of 198 million units of account compared with 120 million in 1971. Through these operations the Bank was able to associate Japanese banks for the first time in the placing of its securities, to issue the largest fixed-rate loan ever made by it in the form of non-convertible bonds (75 million dollars), and, a matter of especial importance, to test a new syndicate arrangement for public issues of its loans. The new arrangement meant not just a saving in cost for the borrower, but also an improved status for securities issued in the weeks following placing. In retrospect these different technical ventures seem to have been most effective.

The Bank signed an Agreement with the Swiss Federal Council in March 1972, which included provision for preferential tax treatment for its issues. The stamp duty required of the Bank for its issues on the Swiss capital market was reduced from the normal rate of 1.2 % to 0.6 %. The Confederation Authorities also proved their interest in the Bank's operations by re-opening their market to it as in 1971 ; as a result the Bank raised the equivalent of 24.0 million units of account.

(1) The statistics relating to the calls made by the Bank on the financial markets in 1972 have been converted into units of account on the basis of the rates adopted by the Statistical Office of the European Communities for its work in 1972, whereas the accounting data included in this chapter have been converted on the basis of the parities (cf. page 6).

**17.5 million units of account
borrowed by means of
participation certificates.**

The Bank's borrowing was concentrated fairly heavily in the second half of the year, and especially in the last four months of 1972. Anxious to reduce the volume of its liquidity temporarily while the downturn in short-term interest rates was having a costly effect on its holdings, the Bank accelerated its loan disbursements by a few weeks by coupling them as from 1 January 1972 with an appropriate commitment fee. It also confined its calls on the markets to the minimum required for the pursuance of its lending activities.

On the other hand, when the trend of short-term rates reversed during the summer and it seemed that long-term capital would become appreciably dearer, the Bank decided to step up the pace of its issuing operations as from the autumn. It pioneered a new type of credit operation by offering institutional investors and banks the possibility of participating in financing its loans through participation certificates carrying its guarantee. These operations were given a trial run until the end of the year and proved to be a new means of drawing in additional resources in different currencies by associating a larger number of institutions with the Bank's operations and thereby widening the circle and occasionally even the geographical distribution of its customary sources of finance.

Table 16 on page 71 gives the breakdown of borrowings effected during the financial year.

After adjustment to the official parities, total borrowings rose from 1,511.7 million units of account at 31 December 1971 to 1,918.9 million at 31 December 1972.

Table 5 : Borrowings by the Bank

Financial year	Number	Amount (million u.a.)
1961	3	21.4
1962	2	32.3
1963	3	35.2
1964	5	66.8
1965	4	65.0
1966	6	138.5
1967	8	194.5
1968	13	212.5
1969	9	146.0
1970	7	168.9
1971	20	412.9
1972	19	462.5
1961-1972	99	1,956.0 (1)

(1) The total of the Bank's borrowings in the period 1961-1972 amounts, after adjustment to the parities at 31 December 1972, to 1,918.9 million instead of 1,956.0 million units of account.

Net outstanding borrowings after repayments stood at 1,722.2 million at 31 December 1972 compared with 1,412.9 million at 31 December 1971, representing an increase of 359.3 million.

The Bank was able to reduce its interest rates.

When the financial markets eased the Bank was able to make a significant reduction in the interest rates on its loans. At the beginning of the year the rate had been 8.125% regardless of the term of the loan. It was lowered in April to 7.50% for loans not exceeding 9 years and to 7.875% for loans over 9 years and then again in October to 7.375% and 7.75% respectively for these two classes of loans.

At 1 January 1973 the subscribed capital of the Bank was increased to 2,025 million units of account and its paid-up capital to 405 million.

The founder members of the Bank made an initial payment of 25 million units of account on 31 January 1973 in respect of the capital increase decided by the Board of Governors at its meeting of 26 April 1971. A second payment of 25 million units of account is to be made on 31 January 1974.

Following the entry into force of the Treaty of Accession, the subscribed capital was increased on 1 January 1973 from 1,500 million to 2,025 million units of account. The statutory contribution of the new Member Countries to the paid-up capital, which is 20% of the subscribed capital, amounts to 105 million units of account. One fifth of the payment was made in cash on 28 February 1973; the balance is to be settled in non-interest-bearing government notes maturing in four equal instalments, nine months, sixteen months, twenty-three months and thirty months respectively from the date of accession.

The United Kingdom, Denmark and Ireland have also begun to make their contribution to the statutory and other reserves of the Bank, valued at 58.6 million units of account, in five equal payments, the first at the end of February 1973, the others being required on the due dates of the government notes remitted as capital subscriptions.

Results for the year

Accrued profits amounted to 22 million units of account

and were appropriated to the statutory and other reserves.

At 1 January 1973 the Bank's balance sheet totals stood at nearly 3,000 million units of account.

By carrying out a policy aimed at cutting back liquidity over the best part of the year, the Bank was able to withstand the repercussions of the fall in spot and short-term interest rates on the money markets and to make a further slight increase in 1972, despite successive reductions in the interest rates on its loans, in its accrued profits. Most of the exchange loss of 6.8 million incurred by the Bank as a result of the devaluation of the dollar on 8 May 1972 was covered by the provision set up for such a purpose the previous year. After amortisation of issuing charges and redemption premiums amounting to 5.6 million in 1972 against 4.2 million in 1971, the balance of the profit and loss account available for appropriation to the statutory and other reserves stands at 21.9 million units of account in 1972 compared with 20.5 million in 1971.

The profit has been appropriated to the extent of 4.9 million to the statutory reserve and the balance to the other reserves. At 31 December 1972 the statutory and other reserves totalled 167.6 million, 68.6 million of which related to the statutory reserve.

At the same date the balance sheet totals of the Bank amounted to 2,755 million against 2,328 million in 1971, showing an increase of 18.4% over the financial year. Following the entry into force of the Treaty of Accession the Bank's balance sheet totals stood at approximately 3,000 million at 1 January 1973 (cf. page 62).

Administration

The Board of Directors was deeply saddened by the loss of Mr Aldo BALDARI, Inspector General of the Treasury and Head of the IRFE, who died in December 1972. Mr Aldo BALDARI had been a member of the Board of Directors of the EIB since 1962. The Bank has had frequent cause to be thankful for his great competence and experience.

Mr Antoine DUPONT-FAUVILLE and Mr André POSTEL-VINAY have resigned from the Board due to their change of posts. The Board thanks them for their valuable contribution to the activities of the Bank.

The Board of Governors has made the following appointments to fill the three vacancies for the remainder of their predecessors' terms of office: Mr Savino SPINOSI, alternate to Mr MICONI, Mr Yves ROLAND-BILLECART, alternate to Mr PÉROUSE and Mr Bernard CLAPPIER, director.

Protocol No 1 on the Statute of the Bank, annexed to the Act of Accession of the new Member States, which came into effect on 1 January 1973 made provision for the enlargement of the Board of Directors and the Management Committee

Upon accession the Board of Governors increased the membership of the Board of Directors by appointing : three directors nominated by the United Kingdom of Great Britain and Northern Ireland: Mr Christopher FOGARTY, Mr Raymond PROSSER and Mr Rupert RAW; one director nominated by the Kingdom of Denmark: Mr Erik HOFFMEYER; one director nominated by Ireland: Mr Sean F. MURRAY; one director nominated by the Grand Duchy of Luxembourg: Mr Pierre GUILL, formerly alternate nominated by common accord of the Benelux countries; and two alternates nominated by the United Kingdom of Great Britain and Northern Ireland: Mr Geoffrey LITTLER and Mr David NENDICK.

These eight new members of the Board have been appointed for a period of 5 years. Their terms of office will expire at the end of the Annual Meeting of the Board of Governors during which the Annual Report for the financial year 1977 is examined.

The term of office of the existing directors and alternates will expire at the Annual Meeting during which the present Annual Report for the financial year 1972 is examined, after which the Board of Directors will comprise 18 directors and 10 alternates as follows :

Germany	3 directors	2 alternates
France	3 directors	2 alternates
Italy	3 directors	2 alternates
United Kingdom	3 directors	2 alternates
Belgium	1 director	} 1 alternate nominated by common accord of the Benelux countries
Luxembourg	1 director	
Netherlands	1 director	
Denmark	1 director	
Ireland	1 director	
Commission of the European Communities	1 director	1 alternate.

A new rule of procedure provides for the possibility of delegating votes, since not every director is aided by an alternate.

On 15 January 1973, the Board of Governors, on a proposal from the Board of Directors, appointed a fifth member to the Management Committee : Vice-President Sir Raymond BELL, formerly Deputy Secretary to the British Treasury and a member of the United Kingdom delegation to the negotiations on the accession to the European Economic Community.

The Bank is having to expand its departments to cope with fresh assignments following the accession of the new Member Countries. The staff of the Bank numbered 230 at 31 December 1972. There has been no need to resort to redundancy measures in recruiting additional staff from the new Member Countries.

The Board of Directors wishes to convey its sincere thanks to the staff of the Bank for the extent and high quality of the work performed with dedication in the course of 1972.

Luxembourg, 12 April 1973

The Chairman of the Board of Directors
Yves LE PORTZ.

Balance sheet at 31 December 1972

(in units of account of 0.88867088 grammes of fine gold) - see notes to the financial statements - Annex D

Assets	31.12.1972	31.12.1971
Receivable from Member States on account of called capital (Annex A)	50,000,000	50,000,000
Cash and bank deposits		
At sight and up to one year's notice	272,519,425	222,514,228
At more than one year's notice	5,611,574	4,087,446
	278,130,999	226,601,674
Investments (Note B)		
For not more than one year	26,577,227	19,051,897
For more than one year	35,295,420	41,949,423
	61,872,647	61,001,320
Borrowing proceeds to be received	—	25,000,000
Receivable from Member States for adjustment of capital	—	209,323
Loans (Annex B)	2,160,481,294	1,796,661,374
(of which undisbursed 1972 - 298,159,824 u.a. 1971 - 280,400,170 u.a.)		
Contra accounts to guarantees (Note C)		
In respect of loans on mandate and guaranteed by the Bank,	92,896,175	92,896,175
excluding those		
(a) in respect of guarantees on loans granted by third parties	(16,393,443)	(—)
(b) in respect of guarantees on participations by third parties in the loans of the Bank	(17,290,655)	(—)
Land and buildings	482,398	200,000
Accrued interest and commission	30,239,042	24,927,782
Unamortised issuing charges	38,748,863	29,876,188
Unamortised redemption premiums	8,639,433	7,691,474
	47,388,296	37,567,662
Special deposits for service of loans (Note D)	18,970,034	11,585,312
Miscellaneous (Note E)	14,592,489	1,053,469
	2,755,053,374	2,327,704,091

Liabilities	31.12.1972	31.12.1971
Capital (Annex A)		
Subscribed	1,500,000,000	1,500,000,000
Uncalled	1,200,000,000	1,200,000,000
	300,000,000	300,000,000
Statutory reserve (Note H)	68,550,827	63,673,089
Other reserves (Note H)		
For risks on loans and guarantees	71,000,000	64,000,000
For equalisation of interest on borrowings	9,000,000	9,000,000
For monetary risks	12,500,000	5,000,000
For building	6,500,000	4,000,000
	99,000,000	82,000,000
Special provision	—	4,104,000
Write-back of issuing charges previously amortised	23,127,079	23,127,079
Staff pension fund	3,248,490	2,630,863
Payable to Member States for adjustment of capital	107,199	1,095,830
Borrowings (Annex C)		
Bonds and notes	1,521,120,207	1,170,615,063
Other medium- and long-term borrowings	251,124,982	242,317,626
	1,772,245,189	1,412,932,689
Redemption premiums on bonds	12,060,599	10,398,288
	1,784,305,788	1,423,330,977
Undisbursed balance of loans	298,159,824	280,400,170
Guarantees (Note C)		
On loans on mandate and guaranteed by the Bank	92,896,175	92,896,175
On loans granted by third parties	(16,393,443)	(—)
On participations by third parties in the loans of the Bank	(17,290,655)	(—)
Accrued interest and commission and interest received in advance	43,467,892	33,634,128
Coupons and liabilities due and not yet paid (Note D)	18,970,034	11,585,312
Miscellaneous (Note E)	23,220,066	9,226,468
	2,755,053,374	2,327,704,091
Memorandum accounts		
Securities received as guarantee for loans on mandate	23,224,044	23,224,044
Securities received in deposit	92,105,627	75,000,000

Profit and loss account for the year ended 31 December 1972

(in units of account of 0.88867088 grammes of fine gold) - see notes to the financial statements - Annex D

Debit	1972	1971	Credit	1972	1971
Administrative expenses and charges	6,034,013	5,356,214	Interest and commission on loans	118,811,368	83,318,923
Interest and charges on borrowings	104,570,351	82,183,528	Interest and commission on investments	16,851,366	24,370,849
Amortisation of issuing charges and redemption premiums	5,581,925	4,239,837	Management commissions (Note F)	1,385,803	1,149,014
Financial charges	358,421	4,267	Profit on sale of gold	—	1,410,925
Depreciation			Financial and other income	1,273,123	1,661,891
On buildings	100,000	100,000	Exchange differences (Note G)	153,654	555,002
Of net purchases of furniture and equipment	101,673	67,450	Write-back of special provision set up at 31.12.1971 (Note G)	4,104,000	—
	201,673	167,450	Net surplus value arising from revaluation of the assets of the Bank, not subject to adjustment under Art. 7 of the Statute, on the basis of the weight of fine gold of the currencies as determined by their central rates (Note G)	2,846,744	—
Exchange differences (Note G)	6,801,937	—			
Reserve for risks on loans and guarantees	7,000,000	8,000,000			
Reserve for monetary risks	7,500,000	—			
Reserve for building	2,500,000	2,000,000			
Special provision	—	4,104,000			
Balance appropriated to the statutory reserve	4,877,738	6,411,308			
	145,426,058	112,466,604		145,426,058	112,466,604

Statement of Special Section at 31 December 1972

(in units of account of 0.88867088 grammes of fine gold)

Assets	31.12.1972	31.12.1971	Liabilities	31.12.1972	31.12.1971
Turkey					
<i>On resources of the Member States</i>					
Loans	158,841,951	145,680,619	Trust management funds	158,841,951	145,680,619
Undisbursed loans	14,512,565	28,990,196	Undisbursed funds	14,512,565	28,990,196
Total (1)	173,354,516	174,670,815	Total	173,354,516	174,670,815

Associated African and Malagasy States and Overseas Countries and Territories

<i>On resources of the European Economic Community</i>					
Loans	36,238,458	27,634,893	Trust management funds	36,238,458	27,634,893
Undisbursed loans	18,489,954	20,346,897	Undisbursed funds	18,489,954	20,346,897
Total (2)	54,728,412	47,981,790	Total	54,728,412	47,981,790

Summary

Loans	195,080,409	173,315,512	Trust management funds	195,080,409	173,315,512
Undisbursed loans	33,002,519	49,337,093	Undisbursed funds	33,002,519	49,337,093
Grand total	228,082,928	222,652,605	Grand total	228,082,928	222,652,605

(1) Original amount of loan contracts signed for the financing of projects in Turkey for the account of and on mandate from the Member Countries: 175,000,000 u.a.

Less :
 — repayments 74,482 u.a.
 — exchange adjustments on the amounts disbursed 1,571,002 u.a.
 1,645,484 u.a.
 173,354,516 u.a.

(2) Original amount of loan contracts signed for the financing of projects in the Associated African and Malagasy States and the Overseas Countries and Territories (AAMS - OCT) for the account of and on mandate from the European Economic Community: 54,846,781 u.a.

Add :
 — capitalised interest 333,829 u.a.
 — exchange adjustments on the amounts disbursed 919 u.a.
 334,748 u.a.
 55,181,529 u.a.
Less :
 — cancellations 404,917 u.a.
 — repayments 48,200 u.a.
 453,117 u.a.
 54,728,412 u.a.

Annex A - Statement of subscriptions to the capital of the Bank

At 31 December 1972

In thousands of units of account — See notes to the financial statements, Annex D

Member Countries	Subscribed capital	Uncalled capital (1)	Called capital			Total
			Paid up	To be paid on 31.1.1973	To be paid on 31.1.1974	
Germany	450,000	360,000	75,000	7,500	7,500	90,000
France	450,000	360,000	75,000	7,500	7,500	90,000
Italy	360,000	288,000	60,000	6,000	6,000	72,000
Belgium	118,500	94,800	21,625	1,037.5	1,037.5	23,700
Netherlands	118,500	94,800	17,875	2,912.5	2,912.5	23,700
Luxembourg	3,000	2,400	500	50	50	600
Totals	1,500,000	1,200,000	250,000	25,000	25,000	300,000

(1) Could be called by decision of the Board of Directors to such extent as may be required to meet the Bank's obligations towards lenders in respect of borrowings.

Annex B - Analysis of loans outstanding

At 31 December 1972

In units of account — See notes to the financial statements, Annex D

Countries and territories in which loans have been granted (1) (2)	Number of loans	Amounts disbursed	Amounts undisbursed	Total (3)	%
Belgium	6	59,913,769	3,000,000	62,913,769	2.91
Germany	42	223,281,210	41,256,831	264,538,041	12.24
France	55	428,548,525	87,033,393	515,581,918	23.86
Italy	190	997,880,485	138,883,040	1,136,763,525	52.62
Luxembourg	3	6,589,815	—	6,589,815	0.31
Netherlands	5	39,253,662	—	39,253,662	1.82
Greece	15	49,849,416	5,147,623	54,997,039	2.55
Cameroon	8	10,185,288	3,503,713	13,689,001	0.63
Congo	1	8,288,100	—	8,288,100	0.38
Ivory Coast	7	8,168,195	14,192,915	22,361,110	1.04
Gabon	3	2,709,198	248,344	2,957,542	0.14
Upper Volta	1	436,884	—	436,884	0.02
Mauritania	1	9,798,737	—	9,798,737	0.45
Senegal	2	2,504,697	825,944	3,330,641	0.15
Zaire	2	12,936,807	4,068,021	17,004,828	0.79
New Caledonia	1	1,976,682	—	1,976,682	0.09
Total	342	1,862,321,470	298,159,824	2,160,481,294	100.00

(1) Currencies in which loans are repayable :

Currency :	Amount
Currencies of the Member Countries	1,295,820,886 u.a.
Option of the Bank between the currencies of the founder Member Countries of the Community	18,15,93,71 u.a.
Other currencies	548,341,213 u.a.
Disbursed portion of loans	1,862,321,470 u.a.
Add undisbursed portion of loans	298,159,824 u.a.
	<u>2,160,481,294 u.a.</u>

Less:	
Exchange adjustment on amounts not yet disbursed at the dates of change of parities	4,361,311 u.a.
Amount of open credits	2,495,471,188 u.a.
Less:	
(a) terminations and cancellations	9,162,276 u.a.
(b) capital repayments to the Bank	281,715,064 u.a.
(c) third party participations in loans	17,290,655 u.a.
	<u>308,167,995 u.a.</u>
	<u>2,187,303,193 u.a.</u>

(2) Breakdown of loans according to the principal guarantees covering them :

Loans granted to or guaranteed by Member Countries	59 780 006 u.a.
Loans granted to or guaranteed by public institutions of Member Countries	483,926,822 u.a.
Loans granted to or guaranteed by Associated Countries	59,780,006 u.a.
Loans accompanied by other customary securities for long-term financing	327,412,849 u.a.
	<u>2,160,481 294 u.a.</u>

Less:	
Exchange adjustments on amounts disbursed	26,821,899 u.a.
Ordinary loans	2,160,481,294 u.a.
The total volume of loans and guarantees granted by the Bank, which under Article 18 (5) of the Statute must not exceed 250 % of its subscribed capital, amounted at 31 December 1972 to:	
— ordinary loans	2,160,481,294 u.a.
— guarantees given:	
· in respect of loans on mandate	92,896,175 u.a.
· in respect of loans granted by third parties	16,393,443 u.a.
· in respect of third party participations in financing the loans of the Bank	17,290,655 u.a.
	<u>126,580,273 u.a.</u>

Certain loans are covered by several types of guarantees and security.

(3) Original amount of ordinary loan contracts signed, on the basis of the official parities on the date of signature : 2,499,832,499 u.a.

2,287,061,567 u.a.

Annex C - Statement of consolidated borrowings

At 31 December 1972

In units of account — See notes to the financial statements, Annex D

Payable in	Borrowings at 31 December 1971	Operations during the financial year			Borrowings at 31 December 1972		
		Borrowings	Redemptions	Exchange adjustments	Amount (1) (weighted averages)	Rate of interest	Due dates
DM	412,568,306	54,644,809	5,464,481	—	461,748,634	6.72	1973/1987
FF	104,397,581	31,507,745	8,473,423	—	127,431,903	6.96	1973/1987
Lit	202,892,800	64,000,000	5,223,360	—	261,669,440	6.40	1973/1987
Bfr	99,502,000	32,000,000	1,886,000	—	129,616,000	7.24	1973/1987
Fl	85,151,934	27,624,309	925,415	—	111,850,828	6.70	1973/1990
Lfr	26,470,631	26,000,000	149,288	—	52,321,343	7.31	1973/1987
\$ US	428,082,000	201,974,284	43,237,925	37,563,954	549,254,405	7.07	1973/1990
SF	53,867,437	24,485,199	—	—	78,352,636	6.84	1977/1986
Total	1,412,932,689	462,236,346	65,359,892	37,563,954	1,772,245,189		
Redemption premiums	10,398,288	2,022,400	360,089	—	12,060,599		
Grand total	1,423,330,977	464,258,746	65,719,981	37,563,954	1,784,305,788		

(1) The following table shows the total capital sums required for redemption of the loans during the five years following the date of this statement:

Period	1973	1974	1975	1976	1977
Amount	40,035,097 u.a.	74,095,298 u.a.	123,356,128 u.a.	105,794,875 u.a.	180,008,272 u.a.

The breakdown of borrowings is given below :

I. BONDS AND NOTES

	In national currency	In u.a.	Final maturity	Terms and conditions of redemption
<i>Deutsche Mark (million)</i>				
5 1/2 % bonds 1964	80.0	21,857,924	1974	at final maturity.
6 1/2 % bonds 1967	20.0	5,464,481	1977	at final maturity.
6 1/2 % bonds 1968	100.0	27,322,404	1978	at final maturity.
6 % bonds 1969	120.0	32,786,886	1984	in 10 equal annual instalments 1975-1984.
7 % bonds 1969	100.0	27,322,404	1984	in 10 equal annual instalments 1975-1984.
8 % bonds 1970	100.0	27,322,404	1980	at final maturity.
7 1/2 % bonds 1971	100.0	27,322,404	1986	in 10 equal annual instalments 1977-1986.
7 3/4 % bonds 1971	100.0	27,322,404	1986	in 10 equal annual instalments 1977-1986.
6 1/2 % bonds 1972	100.0	27,322,404	1987	in 10 equal annual instalments 1978-1987.
6 % bonds 1972	100.0	27,322,404	1987	in 8 equal annual instalments 1980-1987.
	DM 920.0	251,366,119		

	<i>In national currency</i>	<i>In u.a.</i>	<i>Final maturity</i>	<i>Terms and conditions of redemption</i>
<i>French francs</i> (million)				
5 % bonds 1963	45.0	8,101,991	1983	1/3 of the nominal amount of each bond at the end of the 10th, 15th and 20th year.
6 1/4 % bonds 1966	120.0	21,605,311	1981	in 3 equal triennial instalments 1975-1981, with increasing redemption premium.
6 1/4 % bonds 1967	166.667	30,007,436	1985	in 5 approximately equal triennial instalments 1973-1985, with increasing redemption premium.
8 1/2 % bonds 1970	105.114	18,925,172	1988	in 16 constant annual instalments in capital and interest 1973-1988 (R ¹).
7 3/4 % bonds 1971	96.0	17,284,248	1981	in 7 annual instalments of FF 4.0 million 1973-1979 and 2 instalments of FF 34.0 million 1980-1981 (R ²).
7 1/4 % bonds 1972	175.0	31,507,745	1987	in 4 annual instalments of FF 8.75 million 1977-1980, 6 annual instalments of FF 17.5 million 1981-1986 and 1 instalment of FF 35.0 million 1987 (R ³).
	FF 707.781	127,431,903		

	<i>(thousand million)</i>			
<i>Italian lire</i>				
5 % bonds 1962	15.0	24,000,000	1977	at final maturity.
6 % bonds 1965	12.675	20,280,000	1985	in 13 constant annual instalments in capital and interest 1973-1985.
6 % bonds 1966	13.4	21,440,000	1986	in 14 constant annual instalments in capital and interest 1973-1986.
6 % bonds 1966	14.0	22,400,000	1986	in 14 equal annual instalments 1973-1986.
6 % bonds 1967	14.0	22,400,000	1987	in 15 constant annual instalments in capital and interest 1973-1987.
6 % bonds 1968	14.468	23,149,440	1988	in 16 constant annual instalments in capital and interest 1973-1988 (R ²).
7 % bonds 1971	20.0	32,000,000	1986	in 12 growing annual instalments 1975-1986, with increasing redemption premium.
7 % bonds 1971	20.0	32,000,000	1986	in 10 equal annual instalments 1977-1986, with increasing redemption premium.
7 % bonds 1972	20.0	32,000,000	1987	in 10 equal annual instalments 1978-1987, with increasing redemption premium.
7 % bonds 1972	20.0	32,000,000	1987	in 10 growing annual instalments 1978-1987.
	Lit 163.543	261,669,440		

	<i>(million)</i>			
<i>Dutch guilders</i>				
4 1/2 % bonds 1961	29.9	8,259,668	1981	in 9 approximately equal annual instalments 1973-1981.
4 3/4 % bonds 1962	30.0	8,287,293	1982	in 10 equal annual instalments 1973-1982.
5 3/4 % bonds 1964	30.0	8,287,293	1984	in 10 equal annual instalments 1975-1984.
5 3/4 % bonds 1965	40.0	11,049,724	1990	in 15 approximately equal annual instalments 1976-1990.
6 3/4 % bonds 1968	40.0	11,049,724	1988	in 10 equal annual instalments 1979-1988.
8 1/4 % notes 1970	60.0	16,574,585	1975	at final maturity.
7 3/4 % bonds 1971	75.0	20,718,232	1986	in 10 approximately equal annual instalments 1977-1986.
7 3/4 % bonds 1972	50.0	13,812,155	1987	in 10 equal annual instalments 1978-1987.
6 % bonds 1972	50.0	13,812,155	1982	in 5 equal annual instalments 1978-1982.
	Fl 404.9	111,850,829		

(R¹) = 50 % of the bonds for redemption may be purchased at prices not exceeding par.

(R²) = the bonds for redemption may be purchased at prices not exceeding par.

(R³) = repurchased bonds may be set off against the nominal amount of bonds to be redeemed contractually.

	<i>In national currency</i>	<i>In u.a.</i>	<i>Final maturity</i>	<i>Terms and conditions of redemption</i>
<i>Belgian francs</i> (million)				
6 3/4 % bonds 1963	348.8	6,976,000	1987	in 15 constant annual instalments in capital and interest 1973-1987.
6 1/2 % bonds 1965	312.0	6,240,000	1977	in 5 constant annual instalments in capital and interest 1973-1977 (R ²).
7 % bonds 1966	470.0	9,400,000	1978	in 5 annual instalments of Bfr 30.0 million 1973-1977 and 1 instalment of Bfr 320.0 million (R ²).
7 % bonds 1967	750.0	15,000,000	1982	in 5 annual instalments of Bfr 22.5 million 1973-1977, 4 annual instalments of Bfr 37.5 million 1978-1981 and 1 instalment of Bfr 487.5 million at final maturity (R ²).
6 3/4 % bonds 1968	750.0	15,000,000	1982	in 8 annual instalments of Bfr 37.5 million 1974-1981 and 1 instalment of Bfr 450.0 million in 1982 (R ²).
8 1/2 % bonds 1970	750.0	15,000,000	1982	in 8 annual instalments of Bfr 30.0 million 1974-1981 and 1 instalment of Bfr 510.0 million in 1982 (R ²).
7 3/4 % bonds 1971	1,000.0	20,000,000	1983	in 8 annual instalments of Bfr 40.0 million 1975-1982 and 1 instalment of Bfr 680.0 million in 1983 (R ²).
8 % bonds 1971	500.0	10,000,000	1986	in 6 annual instalments of Bfr 40.0 million 1977-1982, 3 annual instalments of Bfr 60.0 million 1983-1985 and Bfr 80.0 million in 1986.
7 1/2 % bonds 1972	400.0	8,000,000	1987	in 6 annual instalments of Bfr 30.0 million 1978-1983, 3 annual instalments of Bfr 50.0 million 1984-1986 and Bfr 70.0 million in 1987.
6 3/4 % bonds 1972	1,200.0	24,000,000	1987	in 5 annual instalments of Bfr 36.0 million 1978-1982, 4 annual instalments of Bfr 60.0 million 1983-1986 and Bfr 780.0 million in 1987.
	<u>Bfr 6,480.8</u>	<u>129,616,000</u>		
<i>Luxembourg francs</i> (million)				
7 3/4 % bonds 1971	300.0	6,000,000	1981	in 5 equal annual instalments 1977-1981.
7 % bonds 1971	400.0	8,000,000	1986	in 10 equal annual instalments 1977-1986.
7 1/2 % bonds 1972	400.0	8,000,000	1982	in 4 equal annual instalments 1979-1982.
6 3/4 % bonds 1972	400.0	8,000,000	1987	in 10 equal annual instalments 1978-1987 (R ³).
	<u>Lfr. 1,500.0</u>	<u>30,000,000</u>		
<i>US dollars</i> (million)				
5 1/2 % bonds 1964	19.999	18,420,204	1984	in 12 approximately equal annual instalments 1973-1984 (R ³).
6 % bonds 1965	17.332	15,963,747	1985	in 13 approximately equal annual instalments 1973-1985 (R ³).
6 1/2 % bonds 1966	17.5	16,118,485	1976	in 4 increasing annual instalments 1973-1976 (R ³).
6 1/2 % bonds 1966	14.0	12,894,788	1986	in 14 equal annual instalments 1973-1986 (R ³).
6 1/2 % bonds 1967	25.0	23,026,407	1982	in 5 annual instalments of \$ 1.25 million 1973-1977 and 5 annual instalments of \$ 3.75 million 1978-1982 (R ³).
6 1/2 % bonds 1967	25.0	23,026,407	1987	in 15 approximately equal annual instalments 1973-1987 (R ³).
6 1/2 % bonds 1967	25.0	23,026,407	1982	in 5 annual instalments of \$ 1.25 million 1973-1977 and 5 annual instalments of \$ 3.75 million 1978-1982 (R ³).
6 3/4 % bonds 1968	23.0	21,184,294	1980	in 6 annual instalments of \$ 1.0 million 1973-1978 and 2 annual instalments of \$ 8.5 million 1979-1980 (R ³).
7 1/2 % bonds 1969	24.5	22,565,878	1984	in 7 annual instalments of \$ 0.5 million 1973-1979 and 5 annual instalments of \$ 4.2 million 1980-1984 (R ³).
8 3/4 % bonds 1970	30.0	27,631,688	1975	at final maturity.
8 3/4 % bonds 1971	30.0	27,631,688	1986	in 8 annual instalments of \$ 1.5 million 1974-1981 and 5 annual instalments of \$ 3.6 million 1982-1986 (R ³).
8 1/2 % bonds 1971	25.0	23,026,407	1986	in 8 annual instalments of \$ 1.10 million 1974-1981, 3 instalments of \$ 3.0 million 1982-1984 and 2 instalments of \$ 4.0 million 1985-1986 (R ³).
7 3/4 % notes 1971	25.0	23,026,407	1978	at final maturity.
7 1/2 % bonds 1972	50.0	46,052,813	1990	in 6 annual instalments of \$ 2.5 million 1977-1982, 5 annual instalments of \$ 3.5 million 1983-1987, 2 annual instalments of \$ 4.5 million 1988-1989 and \$ 8.5 million 1990 (R ³).
7 1/4 % bonds 1972	50.0	46,052,813	1987	in 5 annual instalments of \$ 1.0 million 1973-1977, 7 annual instalments of \$ 2.0 million 1978-1984, 2 annual instalments of \$ 8.0 million 1985-1986 and \$ 15.0 million 1987 (R ³).
7 % bonds 1972	75.0	69,079,220	1987	in 13 annual instalments of \$ 2.37 million 1973-1985, \$ 6.52 million 1986 and \$ 37.67 million 1987 (R ³).
Floating rate :				
bonds 1970	15.0	13,815,844	1975	at final maturity.
bonds 1971	40.0	36,842,251	1976	at final maturity.
bonds 1972	45.0	41,447,532	1977	at final maturity.
	<u>\$ 576.331</u>	<u>530,833,280</u>		

	<i>In national currency</i>	<i>In u.a.</i>	<i>Final maturity</i>	<i>Terms and conditions of redemption</i>
<i>Swiss Francs</i> (million)				
7 1/2 % notes 1971	100.0	24,485,199	1977	at final maturity.
6 1/2 % bonds 1971	80.0	19,588,159	1986	by repurchases below par 1982-1986 up to SF 16.0 million annually (R ⁴).
7 % bonds 1971	40.0	9,794,080	1978	at final maturity.
6 1/4 % notes 1972	50.0	12,242,599	1977	at final maturity.
6 1/2 % notes 1972	50.0	12,242,599	1979	at final maturity.
	<u>SF 320.0</u>	<u>78,352,636</u>		
Total Bonds and Notes		<u>1,521,120,207</u>		

(R⁴) = unredeemed bonds will be repaid at par in 1986.

II. OTHER MEDIUM AND LONG-TERM BORROWINGS

	<i>In national currency</i>	<i>In u.a.</i>	<i>Final maturity</i>	<i>Terms and conditions of redemption</i>
<i>Deutsche Mark</i> (million)				
6 1/2 % private loan 1968	80.0	21,857,924	1980	in 8 equal annual instalments 1973-1980.
6 1/4 % private loan 1968	50.0	13,661,202	1974	at final maturity.
6 1/2 % private loan 1968	50.0	13,661,202	1983	in 10 equal annual instalments 1974-1983.
6 3/4 % private loan 1968	50.0	13,661,202	1983	in 10 equal annual instalments 1974-1983.
6 1/4 % private loan 1968	25.0	6,830,601	1983	in 10 equal annual instalments 1974-1983.
6 1/4 % private loan 1968	50.0	13,661,202	1978	at final maturity.
6 1/4 % private loan 1968	25.0	6,830,601	1984	in 6 annual instalments of DM 2.0 million 1973-1978, 1 instalment of DM 3.0 million 1979 and 5 instalments of DM 2.0 million 1980-1984.
6 1/2 % private loan 1968	100.0	27,322,405	1984	in 10 equal annual instalments 1975-1984.
6 3/4 % private loan 1969	25.0	6,830,601	1984	in 10 equal annual instalments 1975-1984.
6 3/4 % private loan 1969	25.0	6,830,601	1984	in 10 equal annual instalments 1975-1984.
6 1/2 % private loan 1969	30.0	8,196,721	1984	in 10 equal annual instalments 1975-1984.
6 1/2 % private loan 1969	20.0	5,464,481	1984	in 10 equal annual instalments 1975-1984.
6 1/2 % private loan 1969	90.0	24,590,164	1981	in 9 equal annual instalments 1973-1981.
7 % private loan 1969	50.0	13,661,202	1984	in 10 equal annual instalments 1975-1984.
7 3/4 % private loan 1971	100.0	27,322,405	1981	at final maturity.
	<u>DM 770.0</u>	<u>210,382,514</u>		
<i>Luxembourg francs</i> (million)				
5 % bank credit 1964	16.067	321,343	1974	in 2 constant annual instalments 1973-1974.
7.9 % bank credit 1971	300.0	6,000,000	1978	at final maturity.
7.85 % bank credit 1971	300.0	6,000,000	1979	at final maturity.
7 % bank credit 1972	500.0	10,000,000	1980	at final maturity.
	<u>Lfr 1,116.067</u>	<u>22,321,343</u>		
<i>US dollars</i> (million)				
7 3/4 % bonds 1972	20.0	18,421,125	1987	in 9 instalments of \$ 1.1 million, 1978-1986 and \$ 10.1 million 1987.
	<u>\$ 20.0</u>	<u>18,421,125</u>		
Total other medium and long-term borrowings		<u>251,124,982</u>		

III. REDEMPTION PREMIUMS

	In national currency	In u.a.	Final maturity
<i>French francs</i> (million)			
6 1/4 % bonds 1966	10.8	1,944,478	1981
6 1/4 % bonds 1967	20.0	3,600,921	1985
	FF 30.8	5,545,399	
<i>Italian lire</i> (million)			
7 % bonds 1971	1,482.0	2,371,200	1986
7 % bonds 1971	1,326.0	2,121,600	1986
7 % bonds 1972	1,264.0	2,022,400	1987
	Lit 4,072.0	6,515,200	
Total : Redemption premiums		12,060,599	
GRAND TOTAL		1,784,305,788	

Annex D - Notes to the financial statements

At 31 December 1972

Note A - Unit of account used for preparation of the financial statements

The financial statements of the European Investment Bank are in units of account as defined in Article 4 (1) of its Statute. The value of a unit of account is 0.88867088 grammes of fine gold.

Conversion of the various national currencies has been effected on the basis of the parities at 31 December 1972 declared to the International Monetary Fund.

Since the exchange relationships adopted in December 1971 in Washington had not yet been declared (except for the dollar) as official parities at the end of 1972, the parities between the unit of account and the currencies taken into account in preparing the financial statements were as follows at 31 December 1972:

3.66	Deutsche Mark
5.55419	French francs
625	Italian lire
3.62	Dutch guilders
50	Belgian francs
50	Luxembourg francs
1.08571	United States dollar
4.0841	Swiss francs

At the same date the parities between the unit of account and the currencies of the new Member Countries taken into account in preparing the financial statements as from 1 January 1973 were as follows:

0.416667	Pounds sterling
7.50	Danish kroner
0.416667	Irish pounds

NOTE B - Investments

Investments include (a) treasury bonds, notes and bonds at the lowest of cost, nominal or market value: 45,089,687 u.a., (b) the Bank's own bonds at their redemption cost: 5,269,757 u.a. and (c) bank bills at their nominal value: 11,513,203 u.a.

The breakdown, according to due dates, is as follows:

— not exceeding 3 months	13,726,317 u.a.
— over 3 months but not exceeding 6 months	10,401,066 u.a.
— over 6 months but not exceeding 12 months	2,449,844 u.a.
— over 12 months	35,295,420 u.a.

NOTE C - Guarantees

This heading consists:

(a) on the balance sheet, of:

— guarantees in respect of loans on mandate administered for the account of financial institutions in the Community countries, the amount of which was entered in previous years' balance sheets under the heading "Effective loans"	92,896,175 u.a.
--	-----------------

and

(b) on the face of the balance sheet but not included in the balance sheet totals, of:

— guarantees granted for the first time in 1972 on loans granted by third parties	16,393,443 u.a.
— guarantees, also granted for the first time in 1972 on third party participations in financing the loans of the Bank	17,290,655 u.a.

NOTE D - Special deposits for service of loans

This item, which appears as a contra item in the liabilities under the heading "Coupons and liabilities due and not yet paid", represents the amount of coupons and bonds due but not yet presented for payment. It amounts to 18,970,034 u.a.

NOTE E - Miscellaneous balance sheet accounts

These accounts include:

(a) on the assets side:

- the net surplus value arising from revaluation of the net assets of the Bank, not subject to adjustment under Article 7 of the Statute, on the basis of the weight of fine gold of the currencies as determined by their central rates (Note G) 2,846,744 u.a.
- receivables in foreign currencies from swap operations at 31 December 1972 9,512,319 u.a.
- sundry debtors 2,233,426 u.a.

(b) on the liabilities side:

- payables in foreign currencies in respect of swap operations at 31 December 1972 9,940,855 u.a.
- accrued expenses and sundry creditors 13,279,211 u.a.

NOTE F - Management commissions

This item represents the remuneration for the management of loans for the account of and on mandate from the Member Countries and the E.E.C.

NOTE G - Exchange differences

These include:

(a) on the credit side of the profit and loss account:

- the net profits resulting both from the servicing of loans in respect of which the Bank can opt among the currencies of the Member Countries following the changes in monetary parities of 1961 and 1969, and from the sale of foreign exchange 153,654 u.a.

- in case of any revaluation during the year of a currency held by the Bank, the profits accruing to the Bank to the extent of the amounts not subject to adjustment under Article 7 of the Statute nil

(b) on the debit side of the profit and loss account:

- in case of any devaluation during the year of a currency held by the Bank, the exchange loss borne to the extent of the amounts not subject to adjustment under Article 7 of the Statute; the exchange difference arising from the devaluation of the dollar on 8 May 1972 amounts to 6,801,937 u.a.

To cover this exchange difference the Bank has appropriated:

(a) the special provision of 4,104,000 u.a. set up in 1971 for the purpose of enabling the Bank to cover the exchange difference likely to result in a loss in the balance sheet assets at 31 December 1971 following formal adoption of the new monetary parities calculated on the basis of the weight of fine gold of the currencies as determined by their central rates in terms of United States dollars, as notified to the International Monetary Fund in December 1971;

(b) the net surplus value of 2,846,744 u.a., included under the "Miscellaneous" assets entry (Note E), arising from revaluation at 31 December 1972 of the net assets of the Bank, not subject to adjustment under Article 7 of the Statute, on the basis of the weight of fine gold of the currencies as determined by their central rates in terms of United States dollars, as notified to the International Monetary Fund in December 1971.

NOTE H - Appropriation of the balance of the profit and loss account

The balance of the profit and loss account available for appropriation to the statutory and other reserves, after amortisation of issuing charges and redemption premiums, amounted to 21,877,738 u.a. in 1972 against 20,515,308 u.a. in 1971.

On the recommendation of the Management Committee, the Board of Directors has decided to propose to the Board of Governors that the profit be appropriated as follows:

- (a) 4,877,738 u.a. to the statutory reserve,
- (b) 7,000,000 u.a. to the reserve for risks on loans and guarantees,
- (c) 7,500,000 u.a. to the reserve for monetary risks,
- (d) 2,500,000 u.a. to the reserve for building, for the purpose of enabling the Bank to meet the projected expenses for the construction of its new premises.

Report by Messrs Price Waterhouse & Co.

The President,
European Investment Bank,
Luxembourg.

In our opinion, the preceding financial statements present fairly the financial position of the European Investment Bank at 31 December, 1972 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 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.

The financial statements covered by our opinion are the following:

- Balance sheet
- Profit and loss account
- Special Section
 - Statement of subscriptions to capital - Annex A
 - Analysis of loans outstanding - Annex B
 - Statement of consolidated borrowings - Annex C
 - Notes to the financial statements - Annex D

10 April, 1973

PRICE WATERHOUSE & CO.

Statement by the Audit Committee

The Committee instituted in pursuance of Article 14 of the Statute and Article 25 of the Rules of Procedure of the European Investment Bank for the purpose of verifying that the operations of the Bank are conducted and its books kept in a proper manner:

- having studied the books, vouchers and documents which it deemed necessary to examine in the discharge of its duties,
- having examined the report of 10 April 1973 drawn up by Messrs Price Waterhouse & Co.

considering the 1972 Annual Report as well as the balance sheet of the Bank as at 31 December 1972 and the profit and loss account for the financial year ending on that date, as drawn up by the Board of Directors at its meeting of 12 April 1973,

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

hereby certifies:

that the Bank's operations during the 1972 financial year have been carried out in compliance with the formalities and procedures laid down by the Statute 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.

Luxembourg, 8 May 1973

The Audit Committee

H.G. DAHLGRÜN E. RAUS R. LÉONARD

Table 6: Balance sheet totals of the Bank at 1 January 1973(*) In units of account of 0.88867088 grammes of fine gold

Assets	1.1.1973	31.12.1972
Receivable from Member States on account of called capital	155,000,000	50,000,000
Receivable on account of statutory and other reserves	58,642,789	—
Cash and bank deposits:		
At sight and up to one year's notice	272,519,425	272,519,425
At more than one year's notice	5,611,574	5,611,574
	<u>278,130,999</u>	<u>278,130,999</u>
Investments:		
For not more than one year	26,577,227	26,577,227
For more than one year	35,295,420	35,295,420
	<u>61,872,647</u>	<u>61,872,647</u>
Loans	2,160,481,294	2,160,481,294
(of which undisbursed - 298,159,824 u.a.)		
Contra account to guarantees:		
In respect of loans on mandate and guaranteed by the Bank excluding those	92,896,175	92,896 175
(a) in respect of guarantees on loans granted by third parties	(16,393,443)	(16,393,443)
(b) in respect of guarantees on participations by third parties in the loans of the Bank	(17,290,655)	(17,290,655)
Land and buildings	482,398	482,398
Accrued interest and commission	30,239,042	30,239,042
Unamortised issuing charges	38,748,863	38,748,863
Unamortised redemption premiums	8,639,433	8,639,433
Special deposits for service of loans	18,970,034	18,970,034
Miscellaneous	14,592,489	14,592,489
	<u>2,918,696,163</u>	<u>2,755,053,374</u>
Memorandum accounts		
Securities received as guarantee for loans on mandate	23,224,044	23,224,044
Securities received in deposit	92,105,627	92,105,627

Following the accession of the Kingdom of Denmark, Ireland and the United Kingdom of Great Britain and Northern Ireland to the European Economic Community, the subscribed capital was increased on 1 January 1973 from 1,500,000,000 to 2,025,000,000 units of account and the paid-up capital from 300,000,000 to 405,000,000 units of account.

The new Member Countries are also contributing towards the statutory reserve and those provisions equivalent to reserves, as shown on the balance sheet at 31 December 1972, to the extent of 35%.

Allowing for the capital contributions by the new Member Countries the balance sheet totals of the Bank at 1 January 1973 and the statement of subscriptions to the capital of the Bank are as shown on these two pages.

(*) See financial statements pages 50 to 60.

(1) Could be called by decision of the Board of Directors to such extent as may be required to meet the Bank's obligations towards lenders in respect of borrowings.

Table 7 : Statement of subscriptions to the capital c

Member Countries	Subscribed capital	Uncal cap
Germany	450,000	360,0
France	450,000	360,0
United Kingdom	450,000	360,0
Italy	360,000	288,0
Belgium	118,500	94,8
Netherlands	118,500	94,8
Denmark	60,000	48,0
Ireland	15,000	12,0
Luxembourg	3,000	2,4
Totals	2,025,000	1,620,0

Liabilities

1.1.1973

31.12.1972

Capital:		
Subscribed	2,025,000,000	1,500,000,000
Uncalled	1,620,000,000	1,200,000,000
	<u>405,000,000</u>	<u>300,000,000</u>
Statutory reserve	92,543,616	68,550,827
Other reserves:		
For risks on loans and guarantees	95,850,000	71,000,000
For equalisation of interest on borrowings	12,150,000	9,000,000
For monetary risks	16,875,000	12,500,000
For building	8,775,000	6,500,000
	<u>133,650,000</u>	<u>99,000,000</u>
Write-back of issuing charges previously amortised	23,127,079	23,127,079
Staff pension fund	3,248,490	3,248,490
Payable to Member States for adjustment of capital	107,199	107,199
Borrowings		
(of which due within one year - 40,035,097 u.a.)		
Bonds and notes	1,521,120,207	1,521,120,207
Other medium- and long-term borrowings	251,124,982	251,124,982
	<u>1,772,245,189</u>	<u>1,772,245,189</u>
Redemption premiums on bonds	12,060,599	12,060,599
	<u>1,784,305,788</u>	<u>1,784,305,788</u>
Undisbursed balance of loans	298,159,824	298,159,824
Guarantees:		
On loans on mandate and guaranteed by the Bank	92,896,175	92,896,175
On loans granted by third parties	(16,393,443)	(16,393,443)
On third party participations in financing the loans of the Bank	(17,290,655)	(17,290,655)
Accrued interest and commission and interest received in advance	43,467,892	43,467,892
Coupons and liabilities due and not yet paid	18,970,034	18,970,034
Miscellaneous	23,220,066	23,220,066
	<u>2,918,696,163</u>	<u>2,755,053,374</u>

Provisional evaluation pending formal establishment of the amounts of the contributions of the new Member Countries to the statutory and other reserves.

the Bank at 1 January 1973 In thousands of units of account — See notes to the financial statements, Annex D

								Called capital
Paid up at 31.12.1972	on 31.1.1973	on 28.2.1973	Cash payments on 30.9.1973	(or encashment of non-interest-bearing notes) on 31.1.1974	on 30.4.1974	on 30.11.1974	receivable on 30.6.1975	Total
75,000	7,500	—	—	7,500	—	—	—	90,000
75,000	7,500	—	—	7,500	—	—	—	90,000
—	—	18,000	18,000	—	18,000	18,000	18,000	90,000
60,000	6,000	—	—	6,000	—	—	—	72,000
21,625	1,037,5	—	—	1,037,5	—	—	—	23,700
17,875	2,912,5	—	—	2,912,5	—	—	—	23,700
—	—	2,400	2,400	—	2,400	2,400	2,400	12,000
—	—	600	600	—	600	600	600	3,000
500	50	—	—	50	—	—	—	600
250,000	25,000	21,000	21,000	25,000	21,000	21,000	21,000	405,000

Table 8: List of projects financed in 1972

	million u.a.		million u.a.
ORDINARY OPERATIONS			
MEMBER COUNTRIES:			
Germany			
1. Nuclear power station in Brunsbüttel (Schleswig-Holstein) Kernkraftwerk Brunsbüttel GmbH	26.1	12. Acquisition of ten short-range Mercury type aircraft Air Inter	25.2
2. Nuclear power station in Philippsburg (Baden-Württemberg) Kernkraftwerk Philippsburg GmbH	30.0	13. Terminal for revaporising liquid natural gas in Fos-sur-Mer (Provence - Côte d'Azur) and pipelines for conveying this gas to the South of France, the Rhône Valley as far as Tersanne and beyond towards Grenoble and Chambéry Gaz de France (GDF)	30.0
3. German section of pipeline for conveying Netherlands natural gas to Italy SNAM S.p.A.	29.7	14. Extension and modernisation of telecommunications in Auvergne Administration des Postes et Télécommunications	25.2
4. Rock-salt deposit and brine pipeline, Epe (North Rhine - Westphalia) Salzgewinnungsgesellschaft Westfalen GmbH	5.7	15. Extension and modernisation of telecommunications in Aquitaine Administration des Postes et Télécommunications	30.0
5. Four-line drawing mill in Völklingen (Saar) Stahlwerke Röchling-Burbach GmbH	7.1	16. Limeworks in Châteauneuf-les-Martigues (Provence-Côte d'Azur) Chaux de Provence S.A.	1.8
6. Extension of a factory for manufacturing aluminium and lead-based products in Hannoversch Münden (Lower Saxony) Haendler & Natermann AG	1.1	17. Global loan to the Société Lorraine de Développement et d'Expansion - LORDEX for financing small and medium-scale ventures in Lorraine	2.7
7. Plasterboard panelling factory and extraction of gypsum for use as raw material in Hartershofen near Rothenburg o.d. Tauber (Bavaria) Gyproc GmbH Baustoffproduktion und Co. KG	4.3	Italy	
8. Olefine factory in Münchsmünster (Bavaria) Gelsenberg AG	17.1 *	18. Second carriageway on the Mulledo-Albisola section of the Genoa - Savona motorway (Liguria) Autostrade - Concessioni e Costruzioni Autostrade S.p.A.	29.7
9. Conversion and extension of the tyre department of the Reinsdorf factory (Lower Saxony) Phoenix Gummiwerke AG	3.4	19. Naples motorway by-pass (Campania) Infrasud S.p.A.	15.8
10. Global loan to the Landesbank und Girozentrale Schleswig-Holstein for financing small and medium-scale industrial ventures in Schleswig-Holstein	5.7	20. Bari - Massafra (Apulia) section of the Ionian motorway Autostrade - Concessioni e Costruzioni Autostrade S.p.A.	27.7
France			
11. Nuclear power station in Fessenheim (Alsace) Electricité de France (EDF)	30.0	21. Extension of telecommunications in Campania SIP - Società Italiana per l'Esercizio Telefonico S.p.A.	29.7
		22. Hot rolling-mill and two tube production plants in the Taranto iron and steel centre (Apulia) Italsider S.p.A.	29.7

*guarantee

	million u.a.
23. Cementworks in Maddaloni (Campania) Cementir - Cementerie de Tirreno S.p.A.	11.9
24. Cementworks in Samatzai (Sardinia) Cementerie di Sardegna S.p.A.	13.9
25. Extending synthetic fibre production plant at the Paliano factory (Lazio) Snia Viscosa - Società Nazionale Industria Applicazioni Viscosa S.p.A.	4.9
26. Metalworks for producing and machining miscel- laneous parts made of titanium and titanium alloys, superalloys and stainless steel, in Bolotana (Sardinia) Metallurgica del Tirso S.p.A.	6.3
27. Motor vehicle steering-gear factory in Sulmona (Abruzzi) FIAT S.p.A.	5.9
28. Factory for producing electrical components for motor vehicles in San Salvo (Abruzzi) Fabbrica Italiana Magneti Marelli S.p.A.	15.8
29. Global loan to the I.M.I. - Istituto Mobiliare Italiano - for financing small and medium-scale ventures in the mainland South of Italy	24.7
Belgium	
30. Nuclear power station in Tihange (Liège) Société belgo-française d'Énergie Nucléaire Mosane - S.E.M.O., S.A.	14.4
ASSOCIATED AFRICAN AND MALAGASY STATES:	
United Republic of Cameroon	
31. Extension of a clinker-crushing mill in Bonabéri (industrial and harbour area of Douala) Cimenteries du Cameroun - CIMENCAM	0.6
Republic of the Ivory Coast	
32. Improving access to Abidjan harbour Republic of the Ivory Coast	4.7
33. Spinning and weaving mill in Dimbokro Union Industrielle de Côte-d'Ivoire - UTEXI	4.5

Republics of the Ivory Coast and Upper Volta

34. Renovating and augmenting rolling-stock pool Régie du Chemin de Fer Abidjan - Niger (RAN)	3.0
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SPECIAL OPERATIONS

ASSOCIATED AFRICAN AND MALAGASY STATES:

People's Republic of the Congo

35. Increasing storage and handling capacities in the port of Brazzaville and acquiring a deep-sea tug for Pointe Noire harbour Agence Transcongolaise des Communications (ATC)	2.0
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Republic of Dahomey

36. Oil-mill in the Agonvy region Republic of Dahomey	3.3
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Gabon Republic

37. Link-up of telephone and telegraph communications between Mouila and the Moanda and Franceville mining region Office des Postes et Télécommunications	0.8
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Republic of Senegal

38. Cotton-ginning mill in Velingara in the Casamance region and cotton gin for the Kahone cotton-ginning mill in the Sine-Saloum region Republic of Senegal	1.0
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Republic of the Ivory Coast

39. Equity participation in the capital of the UTEXI Company Union Industrielle de Côte-d'Ivoire - UTEXI	1.0
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Table 9 : Loans, guarantees and equity participation from 1958 to 1972
Breakdown by type of financing and by country

Country	Number of projects	Amount (million u.a.)	% of total
Ordinary operations			
Member Countries :			
Germany	44	353.6	12.4
France	56	570.5	20.1
Italy	196	1,412.3	49.7
Netherlands	5	42.9	1.5
Belgium	6	67.2	2.4
Luxembourg	3	9.0	0.3
Total	310	2,455.5	86.4
<i>including guarantees (1)</i>	<i>9</i>	<i>110.0</i>	<i>3.0</i>
Associated Countries :			
Greece	15	69.2	2.4
AAMS and OCT	26	86.5	3.1
— Cameroon	8	15.5	
— Congo-Brazzaville	1	9.0	
— Ivory Coast	6	20.8	
— Gabon	3	3.2	
— Upper Volta	1	0.5	
— Mauritania	1	11.0	
— Senegal	2	3.9	
— Zaïre	2	17.6	
— Ivory Coast and Upper Volta	1	3.0	
— New Caledonia	1	2.0	
Total	41	155.7	5.5
Ordinary operations total	351	2,611.2	91.9
Special operations (2)			
Turkey	36	175.0	6.2
AAMS and OCT	21	55.8	1.9
— Cameroon	4	14.5	
— Congo-Brazzaville	1	2.0	
— Ivory Coast	5	13.4	
— Dahomey	1	3.3	
— Gabon	2	3.2	
— Madagascar	1	1.9	
— Mauritania	1	2.7	
— Senegal	1	1.0	
— Chad	1	1.2	
— Zaïre	1	9.0	
— New Caledonia	1	1.0	
— Surinam	1	1.9	
— Réunion (Overseas Department)	1	0.7	
Special operations total	57	230.8	8.1
<i>including equity participation (3)</i>	<i>1</i>	<i>1.0</i>	
Grand total	408	2,842.0	100.0

(1) Of which, Italy: 90.2 million units of account; France: 2.7 million units of account; Germany: 17.1 million units of account.

(2) Loans on special conditions from the resources of the Member Countries (Turkey) and the European Development Fund (AAMS-OCT) having formed the subject of a financing proposal or recommendation by the Bank and a financing decision by the Commission of the European Communities.

(3) Project located in the Ivory Coast.

Table 10: Loans, guarantees and equity participation from 1958 to 1972

Breakdown by sector
(including appropriations on global loans)

Sector	Number		Amount		
	Loans, guarantees and equity participation	Appropriations on global loans	Total		of which:
			Million u.a.	%	Appropriations on global loans (million u.a.)
Infrastructure	127	—	1,657.4	58.3	—
Agricultural development	12	—	139.8	4.9	—
Energy generation and transmission	34	—	381.8	13.4	—
Water supply and distribution	2	—	28.0	1.0	—
Transport	61	—	815.3	28.6	—
comprising:					
Railways	12	—	154.1	5.4	—
Roads and bridges	32	—	467.9	16.4	—
Waterways	1	—	24.0	0.8	—
Airlines	1	—	25.2	0.9	—
Port installations	6	—	13.4	0.5	—
Gas pipelines	9	—	130.7	4.6	—
Telecommunications	15	—	266.1	9.4	—
Tourism	1	—	10.0	0.4	—
Other	2	—	16.3	0.6	—
Industry and services	281	125	1,184.6	41.7	55.0
Industry	278	125	1,173.6	41.3	55.0
Extractive industries	6	7	44.6	1.6	2.3
Iron and steel semi-processing	29	7	262.0	9.2	3.2
Construction materials	25	11	80.0	2.8	5.2
Timber	3	4	6.3	0.2	0.9
Glass and pottery	10	3	17.5	0.6	1.1
Chemicals	66	8	308.0	10.9	2.9
Metal working and engineering	25	29	99.7	3.5	12.5
Motor vehicles, transport equipment	8	3	67.0	2.4	2.0
Electrical engineering, electronics	11	7	46.3	1.6	3.1
Foodstuffs	35	16	77.0	2.7	8.7
Textiles and leather	27	9	34.9	1.2	3.5
Paper pulp and paper	8	7	45.6	1.6	3.5
Rubber and plastics processing	9	11	41.6	1.5	4.9
Other	3	3	4.2	0.1	1.2
Global loans	13	—	38.8 ⁽¹⁾	1.4	—
Services	3	—	11.0	0.4	—
Tourism	2	—	8.3	0.3	—
Research and development	1	—	2.7	0.1	—
Grand total	408	125	2,842.0	100.0	55.0

(1) This amount represents the unappropriated portion of the global loans.

Table 11 : Loans and guarantees in the Community

Breakdown according to principal objective (1)

	1972		1958-1972	
	Amount (million u.a.)	%	Amount (million u.a.)	%
1. Regional development (130 a and 130 b)	341.8	67.6	1,826.5	74.4
2. Modernisation and conversion of enterprises (creation of new activities and technologies, etc.) (130 b)	12.9	2.5	59.3	2.4
3. Common interest (130 c)	151.2	29.9	549.4	22.4
— Industrial co-operation, research and development	1.8	0.4	71.6	2.9
— Infrastructure serving common European interests	149.4	29.5	477.8	19.5
4. Special directive (West Berlin)	—	—	20.3	0.8
Total	505.9	100.0	2,455.5	100.0

(1) Breakdown of projects according to the economic policy objectives assigned to the Bank by Article 130 of the Treaty of Rome, taking as criterion the principal objective: the total amount of each loan is therefore entered alongside the single corresponding category.

Table 12 : Loans and guarantees in the Community

Breakdown according to economic policy objectives (1)

in million units of account

Country	Number of projects	Loans and guarantees	of which:					Special directive (West Berlin)
			Regional development		Modernisation and conversion of enterprises (creation of new activities and new technologies, etc.) (130 b)	Common interest to several Member Countries		
			Development of less-developed regions (130 a)	Conversion (130 b)		Industrial co-operation and research/development (130 c)	Infrastructure serving common European interests (130 c)	
1972								
Germany	10	130.4	57.9	—	16.3	12.9	85.9	—
France	7	144.9	110.4	32.7	—	1.8	60.0	—
Italy	12	216.2	186.5	—	18.2	—	29.7	—
Belgium	1	14.4	—	14.4	—	14.4	14.4	—
Total	30	505.9	354.8	47.1	34.5	29.1	190.0	—
From 1958 to 1972								
Germany	44	353.6	186.4	46.0	38.0	41.2	179.2	20.3
France	56	570.5	357.1	136.1	6.6	59.1	141.0	—
Italy	196	1,412.3	1,242.7	4.8	35.8	41.8	238.0	—
Netherlands	5	42.9	18.0	22.1	—	2.8	24.9	—
Belgium	6	67.2	4.8	36.4	16.0	36.4	30.4	—
Luxembourg	3	9.0	—	4.0	—	—	5.0	—
Total	310	2,455.5	1,809.0	249.4	96.4	181.3	618.5	20.3

(1) Breakdown of projects in the Member Countries according to the economic policy objectives under Article 130 of the Treaty of Rome which sets out the tasks of the Bank. In contrast to Table 11, the total amount of each project appears under each of the headings under which the project appropriately falls. Consequently the figures appearing under different headings should not be added together.

Table 13 : Loans and guarantees in the Community
Breakdown by type of financing

Country	Direct loans		Indirect loans		Global loans		Guarantees		Total	
	Number	Million u.a.	Number	Million u.a.	Number	Million u.a.	Number	Million u.a.	Number	Million u.a.
Germany	7	77.9	1	29.7	1	5.7	1	17.1	10	130.4
France	4	87.0	2	55.2	1	2.7	—	—	7	144.9
Italy	4	102.9	7	88.5	1	24.8	—	—	12	216.2
Belgium	1	14.4	—	—	—	—	—	—	1	14.4
Total	16	282.3	10	173.4	3	33.2	1	17.1	30	505.9

Table 14 : Global loans in the Community from 1968 to 1972
Breakdown by intermediary

Intermediary ⁽²⁾	Global loans		Appropriations 1969-1972		Balances to be appropriated
	Amount (million u.a.) ⁽¹⁾	Number	Amount (million u.a.) ⁽¹⁾	Number	Amount (million u.a.) ⁽¹⁾
ISVEIMER	10.00	28	10.00	—	—
CIS	3.60	7	3.60	—	—
IKB	10.00	12	6.89	—	3.11 ⁽³⁾
SADE	6.30	24	6.30	—	—
IRFIS	5.00 ⁽¹⁾	10	4.98	—	—
CIS II	5.00 ⁽¹⁾	13	4.97	—	—
SODERO	1.98	2	0.83	—	1.15
ISVEIMER II	15.00 ⁽¹⁾	18	13.66	—	1.19
LORDEX	2.70	—	—	—	2.70
Landesbank und Girozentrale Schleswig-Holstein	5.72	—	—	—	5.72
IMI	24.75	—	—	—	24.75
Total	90.05 ⁽¹⁾	114	51.23	—	38.62

(1) For appropriations subsequent to 21 December 1971 and for the balances to be appropriated conversion of the amounts into units of account has been effected on the basis of the rates given on page 6.

The reason for the differences between the amounts shown under global amounts and the total of the amounts appropriated or to be appropriated is that these loans were signed before 21 December 1971, while part of their amount was appropriated after this date.

(2) Istituto per lo Sviluppo Economico dell'Italia Meridionale, Naples (ISVEIMER).
Credito Industriale Sardo, Cagliari (CIS).
Industriekreditbank AG, Düsseldorf (IKB).
Société Alsacienne de Développement et d'Expansion, Strasbourg (SADE).
Istituto Regionale per il Finanziamento alle Industrie in Sicilia, Palermo (IRFIS).
Société de Développement Régional de l'Ouest, Nantes (SODERO).
Société Lorraine de Développement et d'Expansion, Nancy (LORDEX).
Istituto Mobiliare Italiano, Rome (IMI).

(3) This unutilised balance has been cancelled.

Table 15 : Appropriations on global loans in the Community

Breakdown by region and by sector

Region / Sector	1972			1969 to 1972		
	Number	Amount of appropriations Million u.a.	%	Number	Amount of appropriations Million u.a.	%
REGION						
Germany				12	6.89	13.4
Hessen				1	0.82	1.6
Lower Saxony				2	1.19	2.3
North Rhine-Westphalia				7	3.62	7.1
Rhineland-Palatinate				2	1.26	2.4
France	7	2.80	13.2	26	7.13	13.9
Alsace	6	2.24	10.6	24	6.30	12.3
Loire region	1	0.56	2.6	2	0.83	1.6
Italy	29	18.46	86.8	76	37.21	72.7
Abruzzi	3	1.94	9.1	6	3.38	6.6
Basilicata				1	0.64	1.3
Calabria				1	0.24	0.5
Campania	6	3.29	15.4	17	6.95	13.6
Latium	7	6.93	32.6	14	8.97	17.5
Marche	2	1.50	7.1	3	2.06	4.0
Apulia				4	1.42	2.8
Sardinia	7	3.06	14.4	20	8.57	16.7
Sicily	4	1.74	8.2	10	4.98	9.7
Total	36	21.27	100.0	114	51.23	100.0
SECTOR						
Extractive industries				7	2.29	4.5
Iron and steel semi-processing	1	0.59	2.8	5	2.65	5.2
Construction materials	6	3.21	15.1	11	5.22	10.2
Timber	—	—	—	3	0.49	1.0
Glass and pottery	—	—	—	3	1.13	2.2
Chemicals	2	0.65	3.0	4	1.41	2.7
Metal working and engineering	7	3.76	17.7	27	11.78	23.0
Motor vehicles, transport equipment	2	1.58	7.4	3	2.02	4.0
Electrical engineering, electronics	4	2.49	11.7	6	2.79	5.4
Foodstuffs	6	4.94	23.2	15	8.22	16.0
Textiles and leather	5	2.31	10.9	9	3.53	6.9
Paper pulp and paper	2	1.34	6.3	7	3.53	6.9
Rubber and plastics processing	1	0.40	1.9	11	4.92	9.6
Other	—	—	—	3	1.24	2.4
Total	36	21.27	100.0	114	51.23	100.0

Table 16 : Borrowings in 1972

Date of contract	Month of issue	Place of issue	Subscription currency	Amount in national currency (million)	Amount in million units of account (central rates)	Term of loan	Coupon	Type of issue
31. 1.1972	February	Luxembourg	Lfr	400	8.2	10 years	7.5 %	Private placing
1. 2.1972	February	Belgium	Bfr	400	8.2	15 years	7.5 %	Private placing
8. 2.1972	February	Luxembourg	\$ US	50	46.1	18 years	7.5 %	Public placing (1)
25. 2.1972	February	Italy	Lit	20,000	31.7	15 years	7.0 %	Private placing
3. 3.1972	March	Germany	DM	100	28.6	15 years	6.5 %	Public placing (2)
13. 6.1972	June	Luxembourg	\$ US	20	18.4	5 years	variable	Private placing
18. 7.1972	July	Netherlands	Fl	50	14.2	15 years	7.75%	Public placing (3)
18. 7.1972	July	Italy	Lit	20,000	31.7	15 years	7.0 %	Public placing (4)
20. 7.1972	July	Luxembourg	FF	175	31.5	15 years	7.25%	Public placing (5)
25. 7.1972	July	Luxembourg	\$ US	20	18.4	15 years	7.75%	Private placing
1. 9.1972	September	Luxembourg	Fl	50	14.2	10 years	6.0 %	Private placing
12. 9.1972	September	Germany	DM	100	28.6	15 years	6.0 %	Public placing (6)
14. 9.1972	September	Luxembourg	Lfr	500	10.3	8 years	7.0 %	Private placing
5.10.1972	October	Luxembourg	\$ US	50	46.1	15 years	7.25%	Public placing (7)
28.11.1972	November	Luxembourg	\$ US	75	69.1	15 years	7.0 %	Public placing (8)
29.11.1972	November	Belgium	Bfr	1,200	24.7	15 years	6.75%	Public placing (9)
6.12.1972	December	Luxembourg	Lfr	400	8.2	15 years	6.75%	Public placing (10)
11.12.1972	December	Switzerland	SF	50	12.0	5 years	6.25%	Private placing
11.12.1972	December	Switzerland	SF	50	12.0	7 years	6.50%	Private placing

(1) Underwritten by a banking syndicate composed of Kuhn, Loeb & Co., Banca Commerciale Italiana, Amsterdam-Rotterdam Bank N.V., Banque de Paris et des Pays-Bas, Deutsche Bank AG, The First Boston Corporation, Lazard Frères & Co., Société Générale de Banque S.A., Union Bank of Switzerland (Underwriters) Limited and Banque Internationale à Luxembourg S.A., offered for public subscription at 97.50%.

(2) Underwritten by a banking syndicate headed by Deutsche Bank AG together with Dresdner Bank AG, Commerzbank AG and Westdeutsche Landesbank Girozentrale, offered for public subscription at 98.75%.

(3) Underwritten by a banking syndicate composed of Amsterdam-Rotterdam Bank N.V., Algemene Bank Nederland N.V., Bank Mees & Hope N.V., and Pierson, Heldring & Pierson, offered for public subscription at 100%.

(4) Underwritten by a syndicate of Italian banks headed by the Mediobanca, Milan, offered for public subscription at 98.50%.

(5) Underwritten by a banking syndicate composed of Crédit Commercial de France, Lazard Frères & Cie, The Daiwa Securities Co., Ltd., Banque de Paris et des Pays-Bas, Banca Commerciale Italiana, Banque de Bruxelles S.A., Kredietbank S.A. Luxembourgeoise and Union Bank of Switzerland (Underwriters) Limited.

(6) Underwritten by a banking syndicate headed by Deutsche Bank AG, together with Dresdner Bank AG, Commerzbank AG and Westdeutsche Landesbank Girozentrale, offered for public subscription at 100.50%.

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