



BEI/EIB

The European
Investment Bank
in 1988

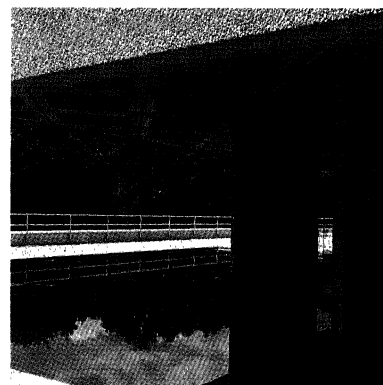
THE EUROPEAN INVESTMENT BANK

□ FINANCIAL HIGHLIGHTS	(million ecus)	
	1988	1987
Total financing provided during the year	10 175.0	7 842.5
Operations within the Community	9 474.8	7 450.4
Operations outside the Community	700.2	392.1
Amount outstanding on loans from own resources and guarantees	47 627.0	40 506.2
Subscribed capital	28 800.0	28 800.0
of which paid in and to be paid in	2 595.9	2 595.9
Reserves, provisions and operating income	5 158.3	4 453.5
Funds raised during the year	7 666.1	5 592.7
Medium and long-term borrowings outstanding	36 927.5	31 956.7
Balance sheet total	49 120.3	42 875.3

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

□ OPERATING HIGHLIGHTS

EIB financing exceeds 10 billion ecus for the first time in 1988	p. 2
Regional development within the Community attracts nearly 5 billion	p. 4
Brisk demand for funds for transport and telecommunications infrastructure	p. 6
Over 5 000 small and medium-sized enterprises (SMEs) financed in collaboration with Europe's banking network	p. 11
New financial protocols with the Mediterranean Countries enter into force	p. 12
Community currencies, including the peseta and the escudo for the first time, as well as the ecu account for 85% of funds raised	p. 15



COMMUNITY INSTITUTION AND BANK

Since its inception, the European Investment Bank has constantly adapted its activity in keeping with successive enlargements of the EEC and developments in Community policies, thereby serving Member States' needs as effectively as possible. Financing provided by the Bank in 1988 exceeded 10 billion ecus, reflecting growth of around 30% over 1987.

As a Community institution, the EIB strives to foster the balanced development of the EEC's diverse regions, while promoting the international competitiveness of Community enterprises and their integration at European level; it supports the establishment of an appropriate network of infrastructure, measures to improve and protect the environment and more efficient use of energy resources. It also participates in Community activity designed to further the development of numerous countries in Africa, the Caribbean, the Pacific and the Mediterranean region.

As a bank, the EIB conducts its operations in accordance with market forces. Its credit rating (AAA) enables it to borrow funds on advantageous terms on the capital markets and, since it operates on a non-profit-making basis, the ensuing benefits can be passed on to project promoters. It also contributes towards the creation of a European financial area, notably by promoting development of the ecu.

The EIB's staff (700 persons) has been recruited from all Community countries and from a very wide variety of cultural and professional backgrounds. The institution is easy to approach and endeavours to perform its tasks both pragmatically and in the interests of its business partners.

We hope that this brochure will provide readers with a greater insight into the EIB's scope for operations, while illustrating the manner in which the Bank devoted its professional skills to building Europe in 1988 as it has done for the past thirty years.

Ernst-Günther BRÖDER
President of the
European Investment Bank

NINETEEN EIGHTY-EIGHT

Financing provided in 1988 totalled 10.2 billion ecus. The bulk of credit was made available from the EIB's own resources, raised mainly on the capital markets; 5% of the total corresponded to operations mounted under mandate from the Community, drawing on other resources (New Community Instrument - NCI - borrowings or budgetary resources).

Financing within the Community came to 9 475 million (including 357 million from NCI resources), demonstrating an upturn of over 27% compared with 1987. The past financial year witnessed vigorous growth in credit both for enhancing the competitiveness of undertakings, particularly SMEs, and for expanding transport and telecommunications infrastructure.

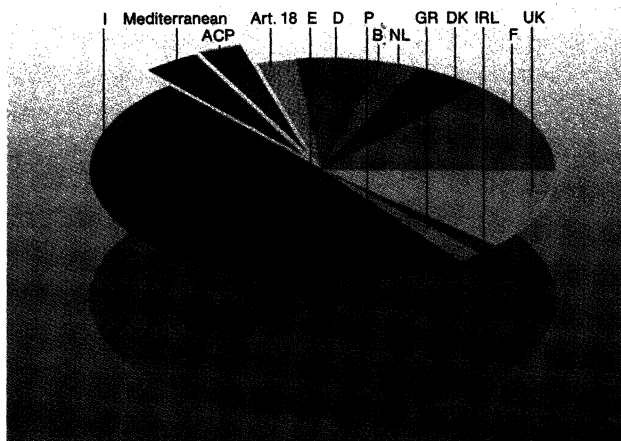
Lending for projects in the Community's less privileged regions, up by more than one billion within the space of twelve months, again accounted for a major share of activity, while support for environmental protection and improvement schemes continued at a high level.

Outside the Community, entry into force of the new financial protocols with the Mediterranean countries and Yugoslavia paved the way for a brisk recovery in operations which totalled 398 million. Financing in the African, Caribbean and Pacific States and in the Overseas Countries and Territories amounted to 302 million.

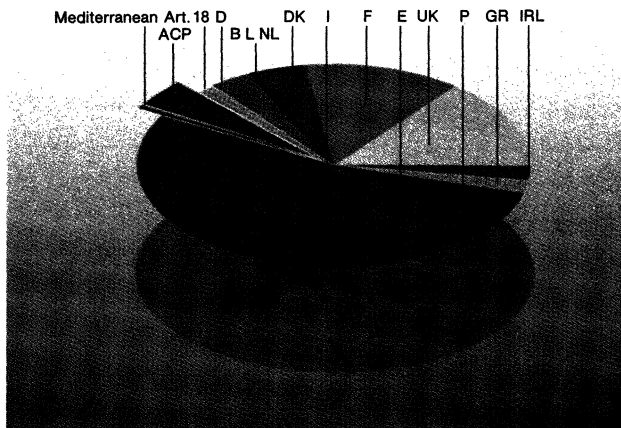
The EIB acquired the resources needed to finance its lending activity by raising almost 7.7 billion ecus, chiefly on the capital markets in the form of fixed-rate public loan issues and private placings. The ecu and the various Community currencies represented 85% of aggregate borrowings.

□ FINANCING PROVIDED BY THE EIB: CONTRACTS SIGNED (million ecus)

	1988:
Total	10 175.1
Mediterranean	398.0
ACP	302.2
Art. 18	285.0
D	603.0
B	11.6
NL	259.7
DK	494.1
F	1 350.5
UK	1 178.8
IRL	154.8
GR	186.5
P	560.4
E	1 018.5
I	3 371.9



	1987:
Total	7 842.5
Mediterranean	42.8
ACP	349.4
Art. 18	108.7
D	276.5
B	37.1
L	1.6
NL	18.0
DK	315.3
F	1 006.5
UK	1 133.7
IRL	178.6
GR	164.8
P	389.9
E	707.4
I	3 112.2



THE EIB WITHIN THE COMMUNITY

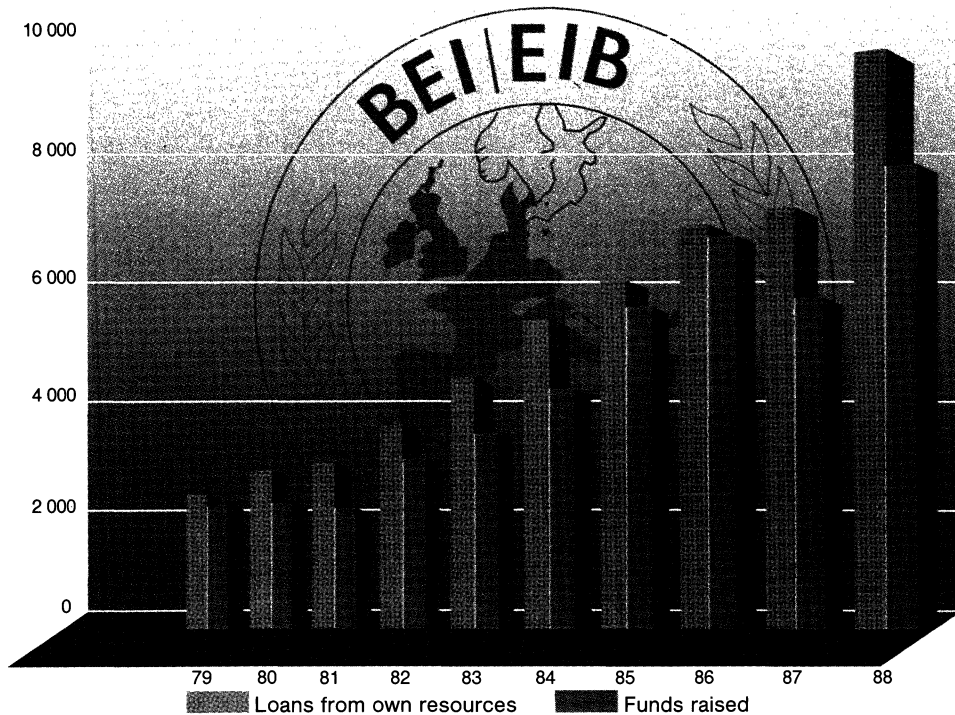
The European Investment Bank was created by the Treaty of Rome establishing the European Economic Community.

Serving both as a bank and as a Community institution, the EIB provides loans for projects promoting the balanced development of the EEC, drawing largely on resources raised on the capital markets and operating on a non-profit-making basis.

With a view to performing this dual role, the EIB has been endowed with the status of a public financial institution having no organic ties with other Community institutions. Its Board of Governors consists of ministers of the twelve Member States. As a bank, the EIB works closely with numerous financial institutions, both in raising funds and in providing credit.

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

□ LOANS PROVIDED FROM OWN RESOURCES AND FUNDS RAISED FROM 1979 TO 1988 (million ecus)



□ COMMUNITY FINANCING FOR STRUCTURAL PURPOSES IN 1988 (million ecus)

Loan contracts signed	Grants appropriated	
EIB	9 118	ERDF 3 684
NCI	357	ESF 2 866
Euratom	p.m.	EAGGF (Guidance Section) 1 130
ECSC	908	IMPs * 134
		PEDIP ** 100
Total	10 383	7 914

* Integrated Mediterranean Programmes

** Specific programme for the development of Portuguese industry

Two major objectives enshrined in the Single Act focus on strengthening Communitywide economic and social cohesion and establishing the internal market. The EIB is able to make an effective contribution towards attaining these objectives, particularly through its support for regional development, communications infrastructure and the corporate sector.

REGIONAL DEVELOPMENT

Fostering regional development represents a priority EIB objective. Over recent years, in an environment often un conducive to growth in public or private-sector investment in less privileged regions, the Bank has stepped up its lending in pursuit of this goal.

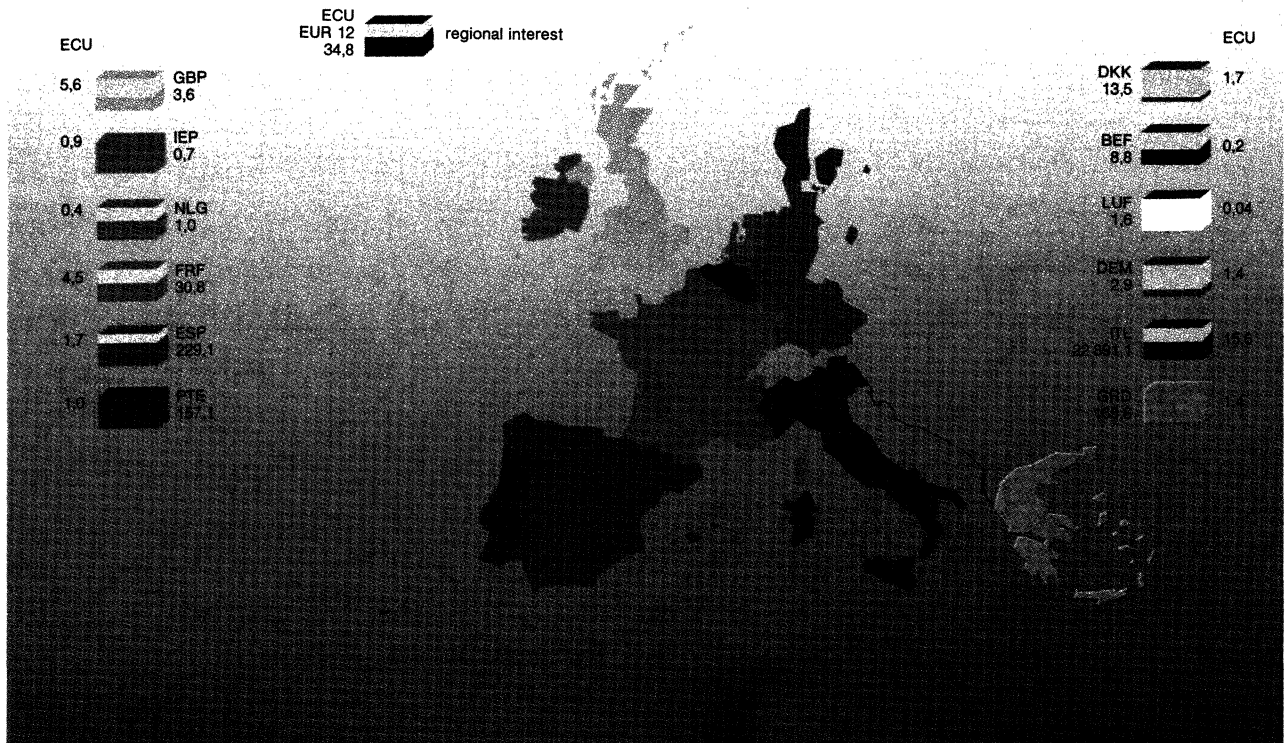
In 1988, financing for capital projects in areas whose development is lagging behind or in those grappling with declining industrial activity came to 4.9 billion, up by 30% over 1987 (3.8 billion). Such credit, provided in the form of both individual loans and allocations from ongoing global loans, accounted for around 60% of overall funding from own resources.

Almost two thirds of these operations centred on projects in regions targeted for increased and concentrated action through the Community's structural funds: Portugal, Greece, Ireland, certain regions of Spain and Italy as well as Northern Ireland. Furthermore, a substantial number of loans were devoted to projects in areas with declining traditional industries, particularly in the United Kingdom, France and the Netherlands.

Some 2.4 billion were given over to providing basic infrastructure necessary for the development of these regions. Financing was earmarked mostly for expanding telecommunications systems under nationwide sectoral programmes, chiefly in Spain and Southern Italy, and for constructing or upgrading road and motorway networks.

□ LOANS PROVIDED WITHIN THE COMMUNITY FROM 1984 TO 1988:

Breakdown by country and share of lending for regional development; amounts in ecus and national currencies (billion)



ENERGY RESOURCES

In addition, some 700 million were directed towards improving energy supplies in various parts of Portugal, Italy and Ireland. Lastly, numerous industrial and service-sector projects attracted individual loans (750 million), while a multiplicity of SMEs claimed allocations from global loans concluded with national or regional intermediary institutions (1 billion).

Capital projects supported by the EIB in furtherance of regional development are proportionately greater in the less privileged countries. Investment which the Bank helped to finance in 1988, covering between 20% and 50% of costs, depending upon individual projects, accounted for just over 3% of aggregate capital investment within the Community. In the case of the least prosperous countries or regions, this proportion was distinctly higher: 6.5% in Italy (11.3% in the Mezzogiorno), 7.2% in Greece and Ireland, 10% in Spain and 13% in Portugal. The chart to the left highlights the relative share of such financing (individual loans and global loan allocations) compared with aggregate lending over the period 1984-1988.

Lending for energy projects has tended to level off over the past three years after the surge recorded in the wake of the two oil shocks.

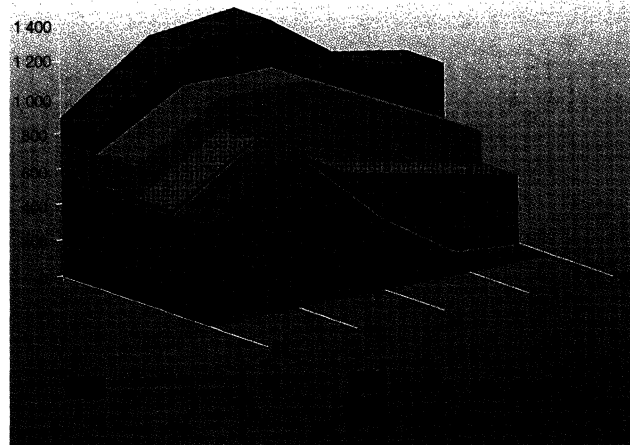
Financing has nevertheless continued at a high level, with some 1.8 billion made available under this heading in 1988. The bulk of funds has been earmarked for harnessing the Community's indigenous resources with the emphasis on tapping the EEC's oil and gas deposits and hydro-electric potential.

Other operations have served to promote import diversification and efficient use of energy.



Almost one third of credit has been devoted to projects, such as hydro-electric and geothermal power stations, making use of renewable energy resources, as well as to schemes incorporating a substantial volume of environmental protection equipment.

□ BREAKDOWN OF LENDING FOR ENERGY PROJECTS BY CATEGORY OF PRODUCTION (million ecus)



INFRASTRUCTURE

Over 40% of EIB financing is given over to infrastructural schemes. Between 1984 and 1988, lending for this category of investment amounted to around 14 billion, with almost 4 billion advanced in 1988 alone.

EIB operations may focus on infrastructure of regional interest which fosters the development of less privileged areas of the Community: projects attracting support here include improvements to road, rail and telephone systems, the creation of industrial estates and water supply schemes.

Loans for infrastructure may also centre on transport and telecommunications networks serving to facilitate trade within the Community as a whole or between the EEC and elsewhere. Lending under this heading sometimes embraces very large-scale operations.

Backing schemes to protect or improve the environment represents another major sphere of activity for the EIB which has contributed in particular towards funding sewage collection and treatment programmes encompassing a variety of regions and implemented over periods of several years.

Infrastructural works generally attract individual loans, although small items of local infrastructure, especially road or sewerage schemes, may be financed through global loans.

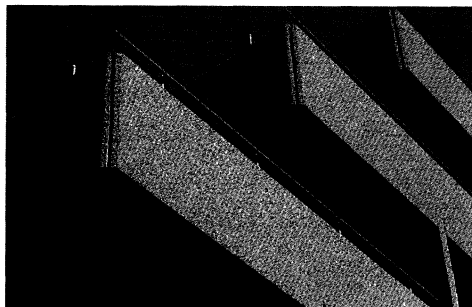
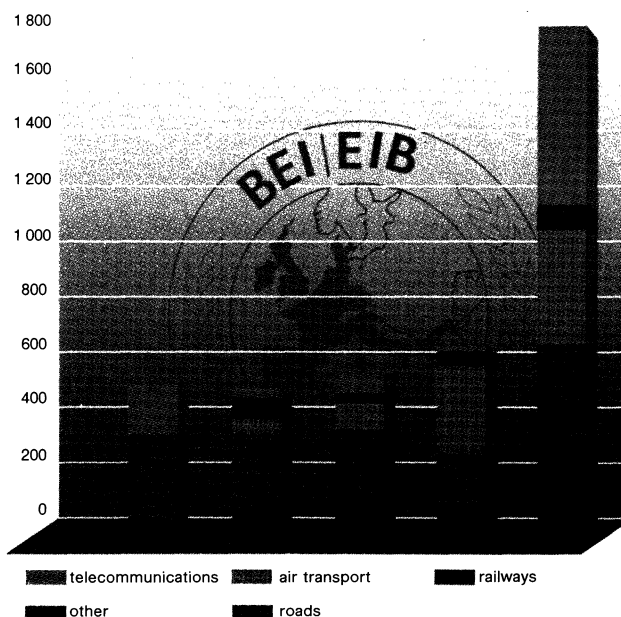
□ COMMUNITY INFRASTRUCTURE

The sharp rise observed in 1988 in lending for communications infrastructure offering benefits for the EEC as a whole reflects the importance attached at Community level to establishing networks for the smooth and efficient flow of goods, services and information.

In the telecommunications sector, the EIB stepped up appreciably its financing for telephone networks and satellites launched by specialist agencies such as Inmarsat and Eutelsat.

In 1988, the EIB also boosted its lending for transport infrastructure which claimed 1.7 billion compared with 680 million during the previous year. Operations included the first series of disbursements for work on the Channel Tunnel under the terms of the cofinancing agreement signed in 1987. Numerous sections of road and motorway serving to extend major European arteries were also financed in several countries. In addition, continued growth in air transport prompted sustained demand for credit both for airport infrastructure and for renewing or expanding aircraft fleets.

□ FINANCING FOR COMMUNITY INFRASTRUCTURE (million ecus)



□ THE AERONAUTICS SECTOR

The recent strong expansion in air traffic between the Member States and with countries outside the Community, which is expected to continue, will require substantial investment in a number of sectors.

As a result of the gradual ageing of their fleets and the need to rationalise them, combined with this rapid increase in traffic in the past few years, a good many companies have had to undertake fleet renewals and extensions.

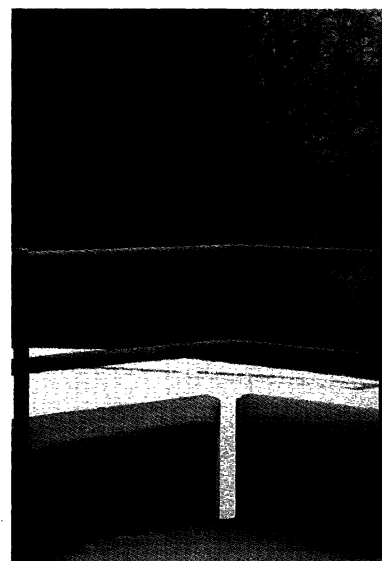
With these trends in mind, the EIB has already granted funds for construction of aircraft, notably the ATR 42 and Airbus A320, A330 and A340. In fact, the Airbus programme is helping to maintain and enhance Europe's presence, both technologically and commercially, in passenger aircraft production.

Airport capacity also needs to be expanded. The Bank has financed development plans for airports in the United Kingdom and Italy as well as in Athens, Dublin, Copenhagen and Nice. Funding has also been made available for air traffic control equipment and airport access.

Nearly 15% of the EIB's lending in 1988 (1.2 billion) was channelled into investment schemes aimed specifically at protecting or improving the environment. Projects under this heading attracted finance in ten countries (eight in 1987 and six in 1986) and, in addition, investment financed under other categories also benefited the environment.

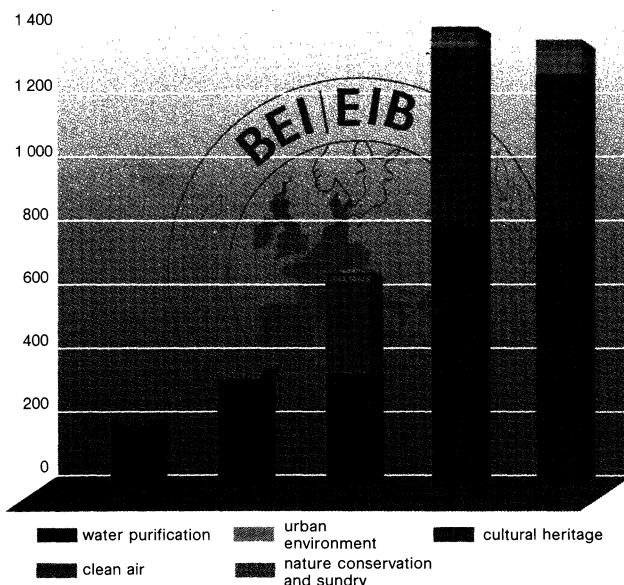
As a general rule, when appraising projects the EIB systematically scrutinises the repercussions for the environment and ensures that national legislation and Community directives on the environment are adhered to.

EIB operations in this sector originally concentrated predominantly on waste water collection and treatment and improvements to the quality of drinking water. The scope of its activities has since widened to take in investment schemes designed to reduce atmospheric pollution emitted by industrial installations or power stations. A new growth sector now is financing for urban and industrial waste-processing plant.



The Bank also intends to keep up its funding for urban development and improvement, since, by upgrading transport facilities or renovation and restoration work, such investment has a major influence on the environment and living conditions. It also helps to provide a firm footing for new industrial areas and boosts their competitive position.

□ LOANS FOR ENVIRONMENTAL PROTECTION (million ecus)



OBJECTIVES

The EIB's prime function is to promote the balanced development of the Community through financing capital investment, whilst adhering strictly to the principles of good banking practice.

The EIB advances this financing either directly or through intermediary institutions principally by means of its global loan device.

CRITERIA

In keeping with the guidelines set out in Article 130 of the Treaty of Rome and taking account of developments in Community policies, investment which may be considered for financing by the EIB must contribute to one or more of the following objectives:

- economic development of the Community's less privileged regions;
- improved transport and telecommunications infrastructure serving the Community's interests;
- protection of the environment and conservation of the Community's architectural and natural heritage;
- urban development;
- attainment of the Community's energy policy objectives;
- strengthening the international competitive position of Community industry and furthering its integration on a European level;
- supporting the activities of SMEs;
- co-operation with a large number of developing countries.

RESOURCES

The EIB's capital is subscribed by the twelve Member States of the Community.

The EIB grants loans from its own resources, essentially the proceeds of borrowings on the capital markets. It also deploys the proceeds of issues floated by the EEC in conjunction with the NCI as well as, outside the EEC, budgetary resources provided by the Community or Member States.

APPRAISAL

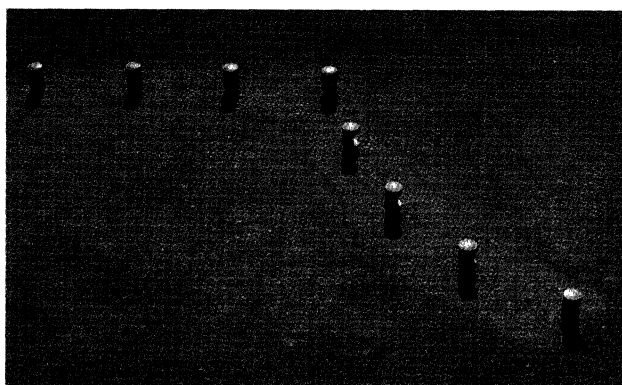
The appraisal conducted by the Bank is designed to confirm a project's technical viability and to assess the economic benefits it offers. It also entails vetting a scheme's consistency with the Bank's own lending criteria, Community policy guidelines and regulations on environmental protection and procurement. Finally, the promoter's financial position, cash flow forecasts and proposed guarantee arrangements are also examined.

DECISION-MAKING

Following the appraisal and on a proposal from the EIB's Management Committee, the Board of Directors decides whether to grant a loan, taking due account of the opinions expressed by the Member State concerned and the Commission of the European Communities.

TERM

The EIB advances medium and long-term loans. The term is determined by the type of project and its expected life and generally ranges from 7 to 12 years for industrial projects, extending to as much as 20 years for infrastructural schemes and projects in the energy sector.



PROJECTS

CURRENCIES

Depending on the type of loan selected, the funds are disbursed at par:

- in a single currency, principally one of the Member States' currencies or the ecu,
- in several currencies, either in standard cocktails of which the term, composition and rate of interest are fixed in advance, or in cocktails composed according to the Bank's holdings and its borrowers' preferences.

INTEREST RATES

The EIB's AAA credit rating enables it to borrow on the keenest conditions available.

As the EIB works on a non-profit-making basis, the rates charged on its loans reflect the cost of its borrowings; they may be set either at the time of contract signature or when each instalment is disbursed (open-rate contract). Loans are generally concluded at a fixed rate, but it is possible to arrange variable-rate loans. Also available since 1988 have been fixed-rate loans revisable after a predetermined period (generally 4 to 10 years). Rates are the same for all countries and sectors. The EIB does not grant interest subsidies, but these may be funded by third parties.

BORROWERS

EIB loans are granted to public or private-sector borrowers who may be operating in any of the productive sectors, be it:

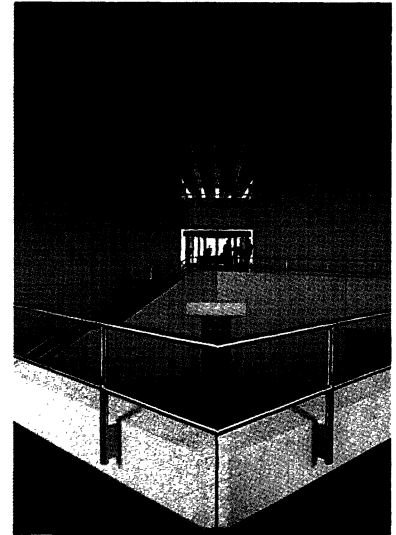
- infrastructure,
- energy,
- industry, services and agriculture.

PROJECTS

In the case of large-scale investment schemes, individual loans are concluded either directly with the promoter or through a financial intermediary; ventures promoted by SMEs and smaller-scale projects in infrastructure or those designed to make more efficient use of energy or to protect the environment are more often financed through the global loan device.

Global loans are lines of credit made available to banks or financial institutions operating at national or regional level. They draw on the funds to support a wide range of investment schemes undertaken by SMEs or local authorities, selected with the Bank's agreement and in accordance with its lending criteria.

The EIB will finance only part of the investment cost, the remainder being met from the borrower's own funds and other sources of credit. Under normal circumstances, a Bank loan may not exceed 50% of the total investment cost.



INITIAL CONTACTS

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

INDUSTRIAL COMPETITIVENESS

Enhancing the competitive capacity in the international marketplace of the Community's industrial sector and encouraging its integration at European level are vital objectives for the future of the Community.

The surge in investment recorded in 1988 and the large number of mergers and partnerships being formed attest to industry's sustained vigour at a time when the arrival of the Single Market is drawing near.

The Bank has contributed to these objectives by broadening the range and volume of its financing activities, which in 1988 amounted to 2.9 billion. Of this amount, 1.8 billion was directed to small and medium-scale investment schemes promoted for the most part by SMEs.

Larger-scale projects attracted lending worth a total of 1.1 billion. A wide gamut of sectors benefited, in particular aeronautics, motor vehicle construction, electronics and chemicals. Many of the projects financed involved the application of advanced technology.

□ FINANCING PROVIDED FOR INDUSTRIAL INVESTMENT IN THE COMMUNITY FROM 1984 TO 1988 (million ecus)

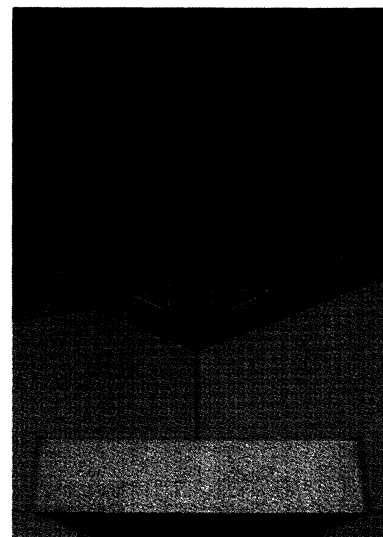


SMALL AND MEDIUM-SIZED ENTERPRISES

For twenty years now the EIB has been backing investment undertaken by small and medium-sized enterprises in industry and the service sector, particularly tourism. This support has been channelled in a decentralised way through global loans made available to financial institutions and commercial banks operating at national or regional level. These intermediaries draw on such lines of credit to provide funds (global loan allocations) for ventures selected with the Bank's agreement and in accordance with its economic, technical and financial criteria.

In 1988, some 5 000 SMEs in eleven countries received a total of around 1.6 billion through this financing instrument: 4 000 in industry and 1 000 in the service sector. On top of this, allocations were advanced to about 150 small enterprises in agriculture and the fisheries sector to develop their businesses. Most of these SMEs employ fewer than fifty people. About two thirds of the funds in question went to enterprises located in the Community's less developed regions.

Over the past five years, nearly 21 000 SMEs have benefited from global loan financing in most regions of the Community. A total of 3.5 billion has been put up for some 11 000 investment schemes in the less developed regions and 2.5 billion for 10 000 others outside these areas, in the latter case both from NCI resources and, since 1987, from the EIB's own resources, a change in strategy in response to constantly rising demand.



Global loan funding has been a particular feature in certain sectors. Almost 4 000 enterprises in mechanical engineering and metalworking and an equivalent number in building, civil engineering, construction materials and wood-working have received credit adding up to about two billion. Some one billion in all has been channelled to about 2 500 firms in the foodstuffs sector. Finance has also gone to nearly 1 400 enterprises in the textiles and leather sector (480 million) and to a similar number in printing and publishing (440 million). Lastly, allocations worth 550 million have been granted for more than 1 350 ventures in the hotel trade and tourism.

□ SMALL AND MEDIUM-SIZED ENTERPRISES FINANCING PROVIDED FROM 1984 TO 1988

Country	Number of loans	Amount million ecus	Amount in national currency million
Belgium	11	4.7	203.0
Denmark	532	158.6	1 257.9
Spain	1 110	375.9	52 544.2
France	8 992	1 431.5	9 835.9
Greece	470	221.2	26 382.0
Ireland	241	25.7	19.0
Italy	9 229	3 509.8	5 130 075.5
Netherlands	12	16.5	38.6
Portugal	336	107.4	18 027.4
Germany	71	75.3	156.2
United Kingdom	318	105.2	62.8
Total	21 322	6 031.8	

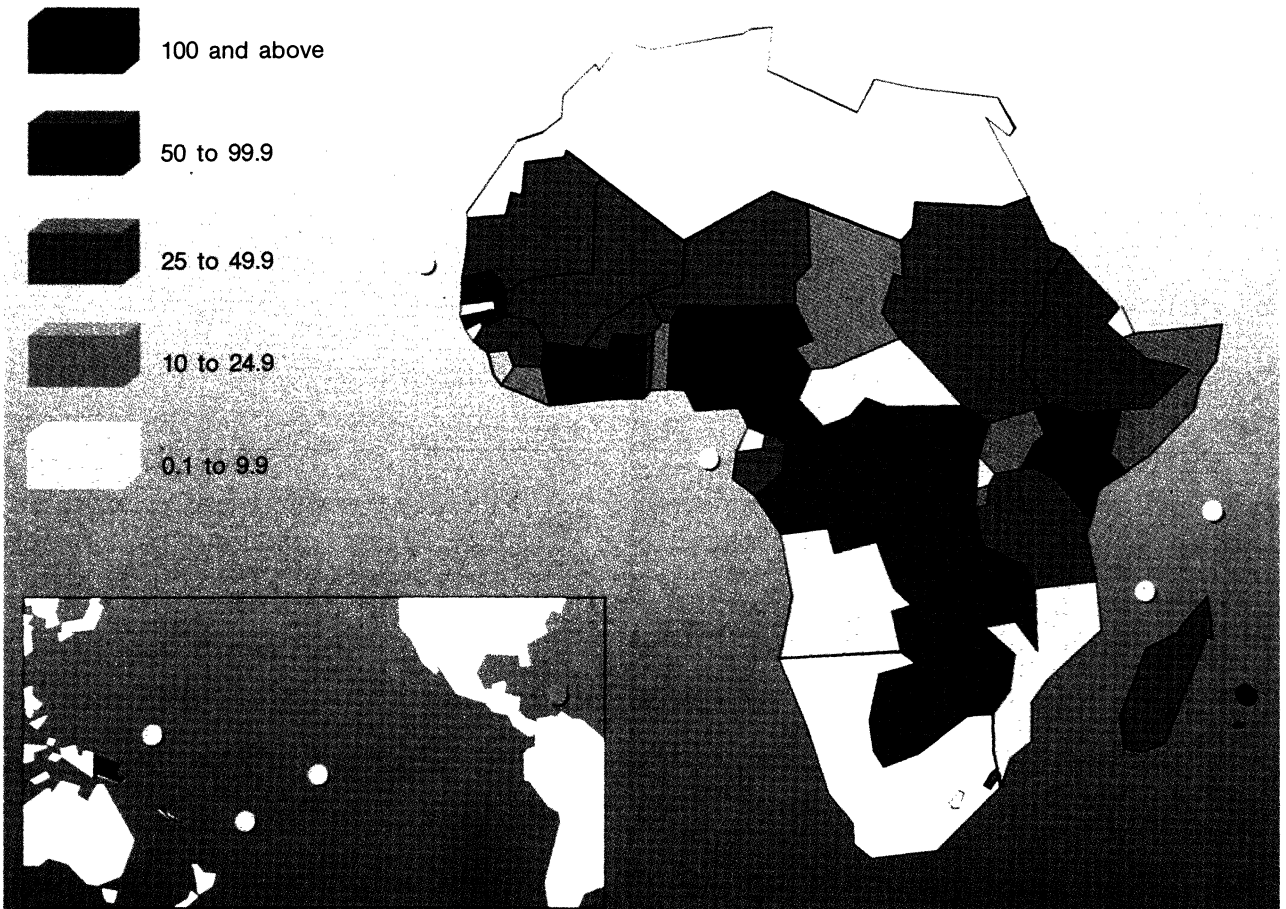
DEVELOPMENT CO-OPERATION

Bank operations outside the Community are mounted under co-operation agreements concluded between the Community on the one hand and 66 African, Caribbean and Pacific countries as well as twelve countries in the Mediterranean on the other.

In 1988, EIB financing outside the Community amounted to 520 million in loans from the Bank's own resources carrying interest subsidies financed from budgetary resources in the ACP countries and certain Mediterranean countries and 180 million from Community or Member States' budgets, giving a total of 700 million.

In the Mediterranean countries, implementation of the new generation of financial protocols enabled the Bank to furnish assistance worth 398 million, drawn chiefly from EIB own resources.

□ FINANCING PROVIDED IN THE ACP STATES AND OCT Lomé Conventions 1976 — 1988/Council Decisions (million ecus)

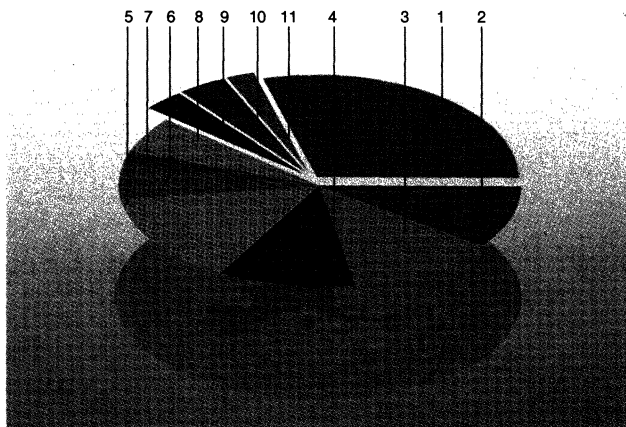


DEVELOPMENT CO-OPERATION

In the southern Mediterranean countries, lending ran to 188 million, bringing the total in this area since 1979 to 1 252 million. A rising proportion of this aid is being targeted towards investment schemes promoted by SMEs in industry, tourism, agriculture and fisheries. In addition, the third generation of financial protocols with the Maghreb and Mashreq countries allows for the provision of risk capital from budgetary resources intended principally for the industrial sector.

The EIB's activities have also extended to Yugoslavia where 210 million has been advanced towards construction of the Trans-Yugoslav highway, a motorway of vital importance both for that country and for traffic between Greece and the rest of the Community. Since 1977 a total of 520 million has been lent in Yugoslavia, most of the funds going into improved communications.

In the African, Caribbean and Pacific countries, the Bank operates under the provisions of the Third Lomé Convention which has been in effect since 1986 and in the **Overseas Countries and Territories** under the relevant decision of the Council of the European Communities.

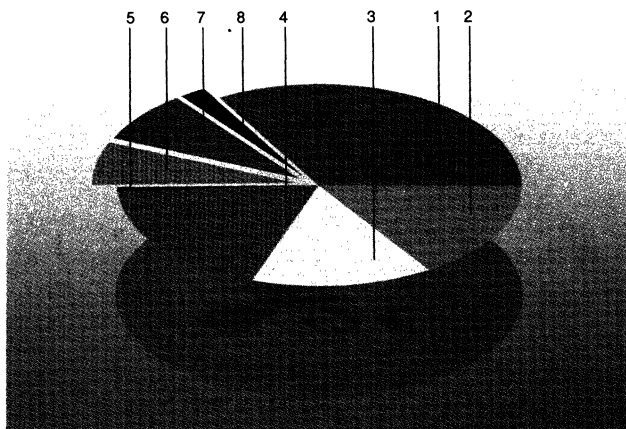


FINANCING IN YUGOSLAVIA (since 1977) AND IN THE SOUTHERN MEDITERRANEAN COUNTRIES (since 1979)

Total: 1 772.0 million ecus

1. Yugoslavia	520.0
2. Algeria	177.0
3. Morocco	215.0
4. Tunisia	195.5
5. Egypt	258.7
6. Jordan	96.3
7. Lebanon	40.0
8. Syria	101.5
9. Cyprus	58.0
10. Israel	70.0
11. Malta	40.0

(million ecus)



FINANCING IN THE ACP STATES AND OCT FROM 1976 TO 1988 (Lomé Conventions)

Total: 2 252.0 million ecus

1. West Africa	747.1
2. Central Africa	356.0
3. East Africa	328.3
4. Southern Africa	420.9
5. Multiregional	15.0
6. Caribbean	154.2
7. Pacific	182.4
8. Overseas Countries and Territories	48.1

(million ecus)

In 1988, funding in these areas came to 302 million, of which 129 million was in the form of loans from EIB own resources and 173 million was drawn from risk capital financed from budgetary resources. Despite a persistently thorny economic situation, the EIB mounted operations in thirty ACP countries and four OCT. About half of the funds made available went to projects in industry or agricultural processing.

In all, around 50% of the amounts provided for under the Third Lomé Convention, which came into force in May 1986, has already been deployed in support of projects in 48 ACP States and for investment schemes on a regional scale benefiting several countries.

BALANCE SHEET AND OPERATING ACCOUNT

□ BALANCE SHEET AT END-1988 AND END-1987 (million ecus)

Assets	1988	1987	Liabilities	1988	1987
Cash and bank deposits	2 379.6	1 951.7	Borrowings	37 701.0	32 436.9
Investments	977.1	884.3	<i>Bonds and notes</i>	30 151.8	25 553.3
			<i>Other</i>	7 549.2	6 883.6
Loans	42 279.8	36 455.6	<i>of which: short-term 773.5</i>		
<i>total outstanding</i>	47 245.6	39 922.3	<i>medium & long-term 36 927.5</i>		
<i>less: undisbursed balance</i>	-4 965.8	-3 466.7	Other liabilities	2 365.3	2 154.8
			Accruals	1 299.9	1 234.2
Land and buildings	37.7	39.4	Capital, reserves, provisions	7 049.4	6 400.3
Other assets	2 294.2	2 521.2	<i>(subscribed capital 28 800)</i>		
			<i>(capital paid in and to be paid in 2 595.9)</i>		
Accruals	1 151.9	1 023.1	Balance of operating account	704.7	649.1
Total	49 120.3	42 875.3	Total	49 120.3	42 875.3
Special Section: Trust management funds			1988	1987	
for the account of Member States			247.3	246.6	
for the account of the European Communities			7 664.6	7 913.1	

□ OPERATING ACCOUNT (million ecus)

Income	1988	1987	Expenditure	1988	1987
Interest and commission on loans	3 712.0	3 374.5	Interest and charges on borrowings and amortisation of issuing charges	3 180.6	2 914.0
Interest and commission on investments	240.4	201.1	General expenses and depreciation	74.9	72.0
Other	44.9	46.7	Other	14.3	3.6
	3 997.3	3 622.3		3 269.8	2 989.6
			1988	1987	
Operating surplus	727.5	632.7			
Increase resulting from conversion of assets and liabilities into ecus	27.0	16.4			
Exceptional charge	- 49.8	-			
Balance of operating account	704.7	649.1			

RAISING RESOURCES

In 1988, the EIB raised the equivalent of 7.7 billion ecus (5.6 billion in 1987). With a view to catering for demand among investors, almost 85% of these resources were raised in Community currencies, principally the Deutsche Mark, ecu, French franc and pound sterling. An active contributor to the development of Europe's capital markets, the EIB made calls on Spain's peseta market for non-residents, while, in Portugal, it launched an issue inaugurating the market for escudo-denominated foreign bonds.

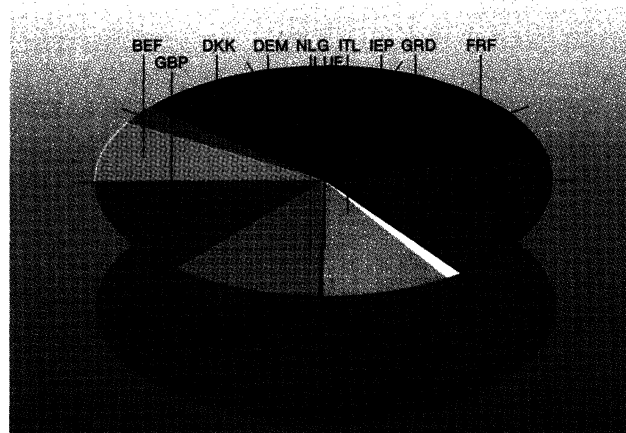
By virtue of its endeavours to diversify markets and investments, the EIB features prominently among those institutions most actively engaged in promoting use of the ecu.

It still heads the list of ecu issuers on the international markets and is the leading lender in this currency. At the end of 1988, its outstanding medium and long-term ecu-denominated borrowings totalled close on 4 billion.

As in previous years, the Bank raised the bulk of its resources by means of fixed or variable-rate public loan issues and private placings (5.8 billion and 1.3 billion respectively) on the national and international markets.

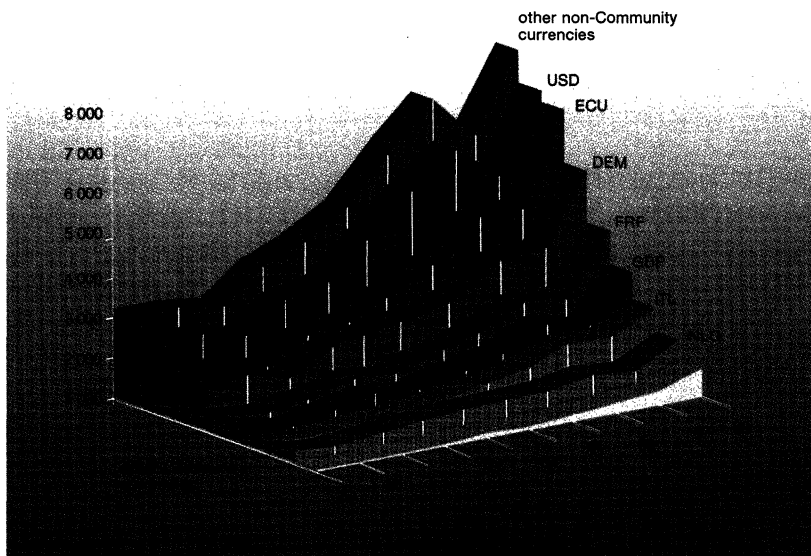
The balance was garnered in the form of interbank operations, medium-term dollar-denominated notes and short-term ecu notes.

□ COMPOSITION OF THE ECU (FEBRUARY 1989)



□ AT 31 DECEMBER 1988,
1 ECU =

Belgian franc	BEF	43.49
Danish krone	DKK	7.96
Deutsche Mark	DEM	2.08
Drachma	GRD	168.24
Peseta	ESP	137.09
French franc	FRF	7.06
Irish pound	IEP	0.77
Italian lira	ITL	1 545.91
Luxembourg franc	LUF	43.49
Dutch guilder	NLG	2.34
Escudo	PTE	170.55
Pound sterling	GBP	0.65
United States dollar	USD	1.10



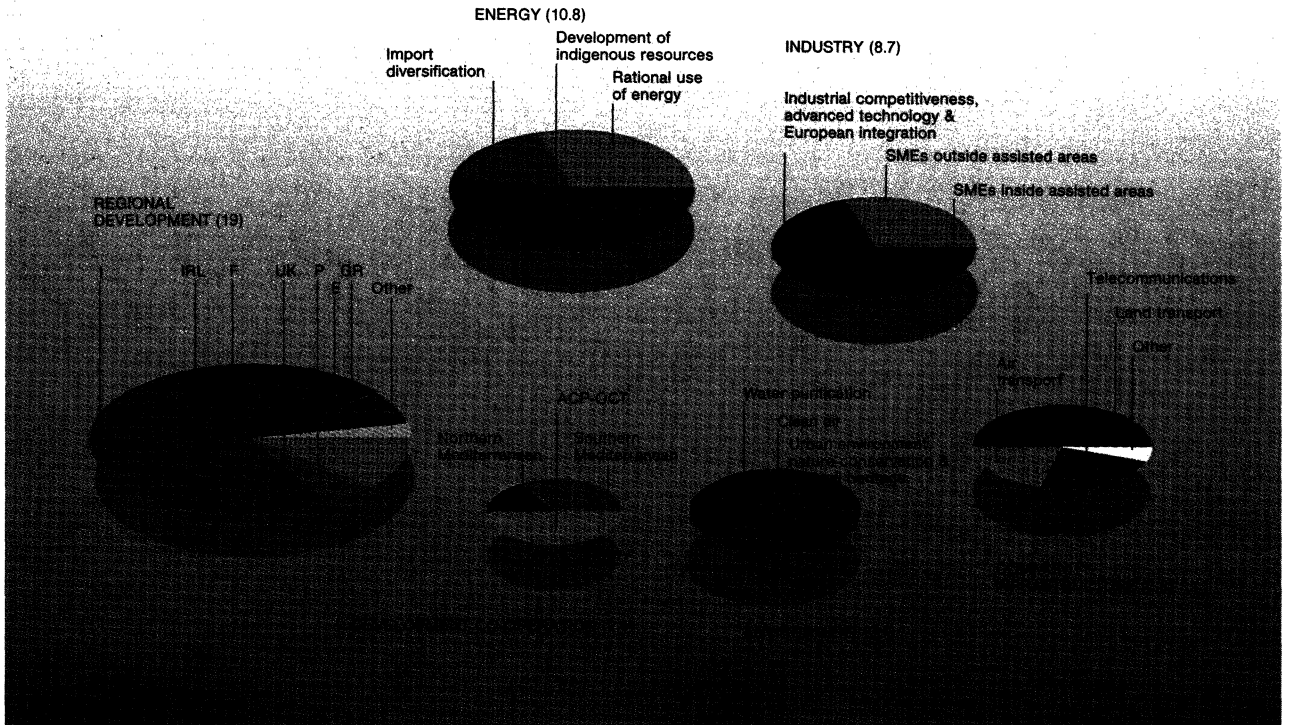
□ BREAKDOWN BY CURRENCY OF FUNDS RAISED (million ecus)

□ FINANCING PROVIDED
FROM 1958 TO 1988
(million ecus at current prices)

- Total
- within the Community
- EIB own resources
- NCI resources
- outside the Community
- EIB own resources
- Budgetary resources



□ BREAKDOWN OF BANK ACTIVITY BY ECONOMIC POLICY OBJECTIVE FROM 1984 TO 1988
(billion ecus)



THE EUROPEAN INVESTMENT BANK

□ DECISION-MAKING BODIES

BOARD OF GOVERNORS

Chairman

Gerhard Stoltenberg
(Germany)
until June 1988

Panayotis Roumeliotis
(Greece)
until June 1989

Carlos Solchaga Catalán
(Spain)
from June 1989

MANAGEMENT COMMITTEE

(as at 1 June 1989)

President:

Ernst-Günther Bröder

Vice-Presidents:

C. Richard Ross

Lucio Izzo

Alain Prate

Miguel Arnedo Orbañanos

Erling Jørgensen

Ludovicus Meulemans

DIRECTORATES

General Administration

Secretary-General

Dieter Hartwich

Operations in the

Community:

— I, DK, D, E

Eugenio Greppi

— F, G, B, L, NL, UK, Irl, P

Pit Treumann

Operations outside the

Community

Jacques Silvain

Finance and Treasury

Philippe Marchat

Research

Herbert Christie

Legal

Jörg Käser

Technical Advisers

Hellmuth Bergmann

Enjoying its own legal personality and an administrative structure separate from that of the other Community institutions, the EIB is an independent Community organisation.

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

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

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

Its Audit Committee verifies that the operations of the Bank have been conducted and its books kept in a proper manner. The members are currently Albert Hansen (Secrétaire Général du Conseil du Gouvernement, Luxembourg), João Pinto Ribeiro (Juiz Conselheiro, Tribunal de Contas, Lisbon) and Constantin Thanopoulos (Manager, Bank of Greece, Athens).

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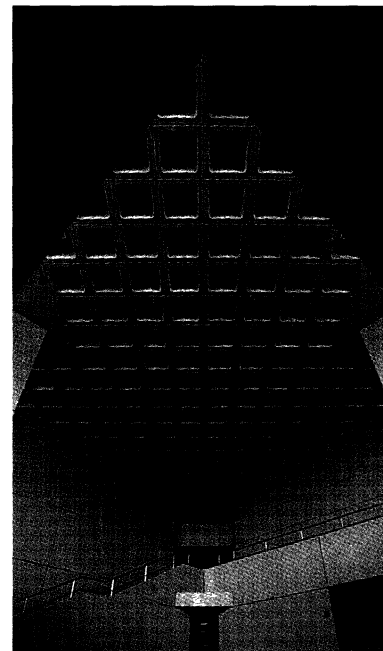
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Designed by:
France Images Strasbourg

Printed by:
Saarbrücker Zeitung
Verlag und Druckerei GmbH

Den Europæiske Investeringsbank
Europäische Investitionsbank
Ευρωπαϊκή Τράπεζα Επενδύσεων
European Investment Bank
Banco Europeo de Inversiones
Banque européenne d'investissement
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ISBN 92-861-0181-3

