



1999

Annual Report

Key data

<i>(EUR million)</i>	1999	1998
Contracts signed	31 800	29 526
Within the European Union	27 765	25 116
Outside the European Union	4 035	4 410
• Candidate Countries (of which Pre-Accession Facility)	2 373 (1 467)	2 375 (1 370)
• Mediterranean Countries (excluding Cyprus)	802	886
• Africa, Caribbean, Pacific, OCT South Africa	341 150	560 135
• Asia, Latin America	310	362
• Western Balkans	60	92
Loans approved	35 117	33 369
Within the European Union	30 380	28 246
Outside the European Union	4 732	5 123
Disbursements	27 612	27 993
From own resources	27 449	27 792
From other resources	163	201
Resources raised	28 355	30 098
Community currencies	19 658	23 395
Non-Community currencies	8 697	6 703
Outstandings		
Loans from own resources	178 775	155 333
Guarantees	277	347
Financing from budgetary resources	2 352	2 360
Short, medium and long-term borrowings	146 223	123 767
Own funds	20 494	19 306
Balance sheet total	201 104	176 544
Subscribed capital at 31 December	100 000	62 013
of which paid in	6 000	4 652

1999

Annual Report



42nd Annual Report of the European Investment Bank



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European Investment Bank

Message from the President



In furtherance of the Union's objectives, in 1999 the European Investment Bank once again embraced wholeheartedly its role of mobilising savings in support of projects fostering European integration and improving the quality of life of EU citizens.

Working together with Europe's banking sector, the EIB advanced loans totalling EUR 28 billion to strengthen the Union's mutual solidarity and underpin economic activity. Projects financed by us during the year accounted for more than 5% of aggregate capital investment in Europe; these are located for the most part in the EU's less favoured regions, which attract nearly 70% of our lending. Against this backdrop, the EIB also drew on the cooperation of its 180 or so partner banks to support nearly 30 000 schemes undertaken by smaller businesses and local authorities in Europe and to mount some 40 venture capital operations injecting equity into innovative SMEs.

At the same time, the Bank directed financing towards dozens of major projects and hundreds of medium-scale infrastructure schemes in the health and education sectors. These lay the foundations for our societies' future and provide countless firms with work. The EIB's backing ensures access to reliable sources of bank finance facilitating establishment of sound financing packages, especially when undertaken as public-private partnerships.

Since effective communications and environmental protection are essential to a modern economy, the Bank pressed ahead with its initiatives in these two fields. For almost a decade, we have confirmed our position as the leading source of bank finance for trans-European networks, which have attracted over EUR 65 billion in EIB loans since being identified by the Essen European Council in 1994. This action goes hand in hand with funding for projects aimed at preserving the natural or urban environment, priorities accounting on average for one third of Bank operations.

As Europe's foremost non-sovereign borrower, the EIB also promotes attainment of the Union's objectives through its borrowing activity on the capital markets. Hence, as early as 1996, it began issuing euro-denominated products ahead of the launch of the future single currency, and has since established a critical mass of euro debt in excess of EUR 60 billion. In this context, the EIB has made available to the market both structured operations tailored to investors' needs and a new issuance facility for its euro benchmarks.

In support of the Union's development aid and cooperation policies towards some 150 countries around the world, in 1999 the Bank provided some EUR 4 billion in the form of long-term loans, subordinated finance and risk capital. Naturally, the lion's share of this amount went to countries in areas bordering the EU to the south and east, furthering the objectives of the "Barcelona Process" in the Mediterranean region and paving the way for enlargement of the Union to include the candidate countries.

In this latter area, where the EIB is far and away the leading source of multilateral finance, the Bank largely operates at its own risk via its Pre-Accession Facility, thus demonstrating its firm intent to contribute directly, without placing a burden on the public purse, to these countries' economic modernisation. One of the goals of this activity is to foster the transposal of Community regulatory practices, especially through the industrial projects and schemes to improve the quality of life which currently account for more than half of the Bank's outstanding loans in Central and Eastern Europe.

This review of 1999 amply illustrates the achievements of my predecessor, Sir Brian Unwin, in turning the EIB into a bank not only willing but above all able, by virtue of its financial soundness and partnership with the banking community, to provide decisive support for achievement of the Union's objectives. At virtually all its meetings, moreover, the European Council of Heads of State or Government draws on the Bank's ability to mount innovative operations in support of a variety of initiatives contributing to the Union's harmonious economic development.

As a follow-up to the Lisbon European Council's guidelines for building a knowledge-based society driven by innovation, the Bank will therefore launch its "Innovation 2000 Initiative", a programme combining new measures to promote development of information networks, human capital formation and intangible corporate investment. Costed at some EUR 40 billion over the next three years, this activity will help to lay the foundations for dynamic growth in Europe, the basis of a more open society in which everyone has ready access to information.

Deployment of the "Innovation 2000 Initiative", along with the EIB's new Pre-Accession Facility for the candidate countries, will be the Bank's operational priorities for the period 2000-2002. These will have to be implemented in a changing environment, marked in particular by establishment of the euro, requiring the EIB to step up its efforts to develop new products tailored ever more closely to its customers' needs.

I believe that this report, addressed to a wide readership, paints a detailed picture of the EIB and its role within Europe.



Philippe Maystadt

President and Chairman of the Board of Directors



The EIB's
Management Committee



1999:

Overview

The EIB, whose subscribed capital has stood at EUR 100 billion since 1 January 1999, continued its activity in furtherance of the European Union's major policies, maintaining in particular a high level of financing to strengthen the Union's economic and social fabric, preparing the candidate countries for EU membership and developing its committed euro borrowing strategy. The Bank's contribution to achievement of the Union's goals was highlighted by the European Council at its meetings in Berlin (24 and 25 March 1999) and Cologne (3 and 4 June 1999).

Aggregate loans signed by the Bank amounted to 31.8 billion, up from 29.5 billion the previous year. Reflecting the range and diversity of the EIB's remits, this activity took forward 1998's line of action.

Disbursements totalled 27.4 billion, of which 24.6 billion in the Member States. The 310 or so capital projects appraised by Bank staff in 1999 resulted in 35.1 billion in loan approvals, i.e. higher than the 1998 level (33.4 billion).

By the close of 1999, total outstanding lending from own resources and guarantees came to 179.1 billion. Aggregate outstanding borrowings amounted to 146.2 billion and the balance sheet totalled 201.1 billion.

Actively promoting the euro

The EIB pressed ahead with its role of actively promoting the European single currency, introduced on 1 January: nearly 45 % of the Bank's

issues were denominated in euro, helping to create a substantial "critical mass" of instruments denominated in the new currency. Furthermore, over half of resources raised in euro were mobilised under the EARN (Euro Area Reference Note) programme. Launched in March 1999 and deployed in close cooperation with major international banks, this issuance facility ensures market liquidity for investors on the basis of transparency and regularity. Hence, the amount of borrowing operations signed came to EUR 29.3 billion, down slightly on the previous year. This figure includes nearly one billion issued under the programme for exchanging existing bonds for new euro bonds.

Supporting economic and social cohesion within the Union

Within the European Union, aggregate finance contracts signed amounted to 27.8 billion, or 10.5% more than in 1998. 71% of Bank lending served to further regional policy objectives, fostering the Union's cohesion and underpinning Economic and Monetary Union. In response to the Resolution on Growth and Employment adopted by the Amsterdam European Council, investment in trans-European communications networks, support for SMEs and lending in the health and education sectors were the main focus of the Bank's operations.

Unless otherwise indicated, the amounts in this report are expressed in EUR million



Increased backing for SMEs and high technology

The Cologne European Council called on the Bank to expand its operations to promote investment and employment, especially by means of risk capital funding, over the period 2000-2003. In this context, the Governors approved activation of the second tranche of 500 million drawn from the Bank's 1998 operating surplus, allocated to the Amsterdam Special Action Programme (ASAP) reserve. The latter, thereby increased to one billion, is intended to cover the risk associated with venture capital operations. In May 1999, the Board of Directors had authorised a doubling of the EIB's allocation to the European Technology Facility (ETF), managed by the European Investment Fund (EIF) under an EIB mandate, from 125 million to 250 million. The Bank has thus equipped itself to give significant momentum to the European venture capital market. Furthermore, the continued development of financing operations in the fields of health and education led the Governors to bring these sectors within the Bank's mainstream activity, whereas the 1997 ASAP decision had restricted their eligibility to a period of three years.

Also as a direct follow-up to the conclusions of the Cologne European Council, the Governors invited the Bank to step up support for high-tech network projects and to continue financing trans-European communications networks, where appropriate through public-private partnerships.

Paving the way for enlargement

EIB activity outside the Union ran to 4 billion, down by 8.5% compared with the previous financial year. Amounts deployed in the ten Central and Eastern European candidate countries and Cyprus were maintained at a substantial level (2.4 billion), accounting for more than half of aggregate lending outside the European Union.

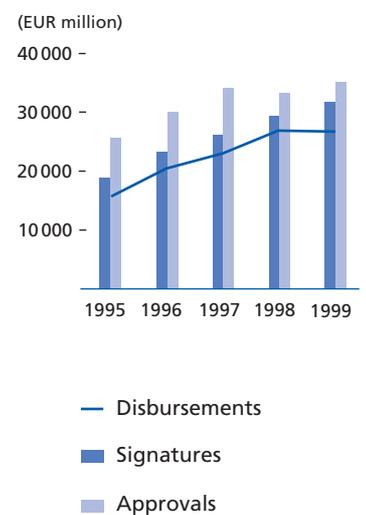
The Governors approved the principle of renewing the current Pre-Accession Facility as from 31 January 2000, extending it to cover the period 2000-2003 and substantially increasing its volume to 8.5 billion.

A new framework for operations outside the Union

Financing provided outside the EU totalled over 4 billion. Given the expiry in early 2000 of the mandates determining Bank operations in support of the Union's development aid and cooperation policies, on 22 December 1999 the Council decided to introduce new guarantee arrangements for EIB loans in non-member Countries. A global guarantee, covering the period 2000-2007, was made available in respect of aggregate lending of up to 18.41 billion in the Central and Eastern European Countries, the Mediterranean Region, Asia, Latin America and South Africa.

Furthermore, 1999 saw negotiations on a new Convention governing relations with the ACP States well advanced by the end of the year and offering the prospect of a greater role for the Bank in this area.

Disbursements, contracts signed and projects approved (1990 - 1999)





The Bank's Corporate Operational Plan (COP)

With a view to targeting Bank operations more effectively in support of Community policies both within and outside the Union, in January 1999 the Board of Directors adopted the EIB's first Corporate Operational Plan (COP), covering the period 1999-2000. A logical extension of the Strategic Framework adopted by the Governors on 5 June 1998 in conjunction with their decision to increase the subscribed capital of the Bank, this is a rolling plan: in subsequent financial years it will be possible, on the strength of experience, to extend the time horizon further.

General policy objectives:

Within the Union, top priority is accorded to:

- fostering regional development and the Union's cohesion, especially by means of close cooperation with the Commission in implementing Agenda 2000;
- promoting human capital (health, education), which becomes a priority of the Bank within its mainstream activity throughout the Union;
- providing venture capital finance for SMEs, together with the Union's financial sector and the EIF.

High priority is to be maintained for:

- trans-European networks (TENs) and the environment, focusing in particular on qualitative adaptations;
- continued close cooperation with the banking sector, especially necessary in a rapidly changing environment in which introduction of the euro requires the EIB and banks to work together on the capital markets.

A selective approach is to be applied for loans to enterprises located outside assisted

areas, based on the establishment of eligibility criteria allowing the value added of the Bank's involvement to be identified more precisely. Furthermore, the Bank is to consider making some adjustments to financing facilities for SMEs.

Outside the Union, where traditional activities under EU and Member States' mandates will continue to form the backbone of operations, the Bank's main priorities will be:

- promoting the transposal of Community regulatory practices by the candidate countries through renewal of the Pre-Accession Facility;
- fostering development and privatisation of the productive sector;
- strengthening support for local banking sectors.

In all these areas, fulfilment of COP objectives implies enhanced relations with the Commission

In anchoring its approach on Community objectives, the Bank will continue to cooperate productively with the Commission and to



complement the latter's activities and policies, both within and outside the Union.

The three pillars of value added

Financing decisions are to be based on three criteria:

- consistency between each operation and the Union's priority objectives;
- the quality and soundness of the project concerned;
- the particular financial benefits obtained by the use of EIB funds.

Drawing on its accumulated know-how and practical experience, the Bank will contribute towards refining the content and presentation of eligible investment projects. It will strive to propose innovative solutions and to encourage the spread of best practice in its fields of activity. Its consultancy input in arranging complex financing packages (public-private partnerships for financing infrastructure) is set to expand.

Presence on the capital markets

In pursuance of its objectives, the Bank will continue to build upon its AAA credit rating and to make its know-how available on the capital markets. It will press ahead with its initiatives to promote the euro and to underpin the development of capital markets in the candidate countries, as well as with its policy of maintaining a diversified presence on the capital markets. Furthermore, it will endeavour to accommodate its borrowers' and investors' needs more effectively, especially by formulating innovative products.

By the close of 1999, the Bank had already adopted a number of measures in the priority areas identified in the COP:

- Regional policy: on 19 January 2000, a new framework agreement setting out the

principles for enhanced cooperation in deployment of the Structural Funds was signed with the Commission. The Bank also made clear its readiness to play a supporting role in implementation of the new financial instrument for the European Economic Area;

- Human capital: the health and education sectors were brought within the Bank's mainstream activity; as part of cooperation with the World Health Organisation (WHO) a joint conference on health care systems was arranged;
- Venture capital: the Bank has set preparations in train for proposing to its Board of Directors and Board of Governors during the first half of 2000 that the funds allocated to its "SME Window" be doubled, giving practical effect to the EIB's growing role on the European venture capital market. The Bank has also become a member of the EVCA (European Venture Capital Association);
- Trans-European Networks: increased commitment was evidenced to the financing of PPP projects. A number of preparatory studies were financed for environmental and infrastructure schemes;
- Environment: suitable ways and means of implementing the Kyoto agreements were studied with the Commission.

In qualitative terms, the COP confirmed and prioritised the EIB's traditional objectives. It established the three pillars of value added for Bank operations and underlined the importance of cooperation with the Commission.

EIB financing is focused primarily on closer integration within the Union





Promoting European integration

Through its long-term lending, the EIB is contributing towards the integration, balanced development and economic and social cohesion of the Member States of the Union, thereby helping to meet the challenges of the Europe of tomorrow.

In carrying out its tasks in support of Community policies, the Bank is giving priority to promoting the less favoured regions while at the same time furthering the other economic priorities defined by its Board of Governors and the European Councils. Loans granted in favour of economically sound projects encompass a wide range of objectives: communications networks and basic infrastructure; the natural and urban environment; SMEs; health and education; energy; industry and services.

Regional development

The Treaty of Amsterdam identified the strengthening of economic and social cohesion, with a view to harmonious development throughout the regions of the Union, as one of the main priorities of Community policy. It thereby confirmed the goal of balanced development first established in 1958 in the Treaty of Rome, which assigned to the European Investment Bank the vital task of supporting projects contributing to growth in the less developed regions. The widening of the Bank's field of activities as a result of diversification of EU policies and accession of new Member States has in no way diminished the importance of this specific role or lowered the priority given to regional development.

The strategic action framework, spelt out by the Board of Governors in June 1998 and implemented through the COP, endorses the focus of the Bank's efforts on less favoured and peripheral areas as one of the top priorities. The Bank is therefore concentrating on strengthening the productive fabric of the regions of the Union lagging behind. In these regions, its loans are helping to build up basic communications, environmental and energy infrastructure and to develop social amenities, with a view to laying the foundations for economic development.

The new Structural Fund programming, based on the Agenda 2000 decisions, will lend added weight to the Bank's role and remits in terms of Community structural action. To this end, in January 2000, a cooperation agreement between the Commission, represented by Commissioner Barnier, and the EIB was signed in Luxembourg. Its purpose is to make the Community's structural assistance more effective and to reinforce the complementarity between budgetary funding and Bank lending over the period 2000 - 2006.

*Full-page photo
The Elbe Tunnel - developing
Hamburg's transport system, Germany*



Regional development Sectoral breakdown (1999)

	(EUR million)	
	amount	Total %
Energy	1 820	14
Communications	7 389	57
Water management and sundry	1 071	8
Urban development	402	3
Industry, agriculture	1 394	11
Health, education	391	3
Other services	411	3
Total individual loans	12 877	100
Global loans	4 650	

**More than two thirds
of individual loans go
to the less favoured regions**

Under this agreement, the Commission will be able to draw on EIB expertise for evaluating investment projects eligible for financing not only from the Cohesion Fund, as is already the case, but also from the European Regional Development Fund (ERDF) throughout the EU or under the Structural Policies Pre-Accession Instrument (ISPA) in the candidate countries. The Commission and the EIB will regularly exchange information on each of these facilities so as to ensure that their respective support measures are properly programmed and project feasibility is assessed at an early stage. The Bank will be making its expertise available both directly to the Commission, in connection with appraisal of projects to be co-financed from EIB resources and the Community budget, and on behalf of the Commission, where EIB co-financing is not envisaged.

In 1999, **individual loans** from the EIB in the less favoured regions of the Union amounted to **12.9 billion**, i.e. 71% of total individual loans, in keeping with COP objectives assigning these operations absolute priority equivalent to two thirds of lending activity within the Union.

In addition to these operations, allocations under ongoing global loans, amounting to **4 650 million**, have also had an impact on small and medium-scale ventures in assisted areas.

Thus, overall, **total lending** during the year in favour of regional development amounted to **17.5 billion**.

48% of regional development loans go to Objective 1 regions

In 1999, regions lagging behind in their development (**Objective 1**) received **6 208 million** in **individual loans**, well up on 1998 (4 600 million). Germany's Eastern Länder attracted 839 million, the Cohesion Countries (Spain, Portugal, Ireland and Greece) 4 075 million and the Italian Mezzogiorno 600 million.

Of this total, 66% was invested in communications infrastructure and energy networks, thus helping to offset the effects of the geographical isolation of these regions. Of the remainder, 13% went towards improving the natural and urban environment, while industry and services accounted for 15% and health and education 6%.

To assist with reconstruction of buildings destroyed by the earthquake which struck the Athens area in September, the EIB advanced a 300 million loan as part of a 900 million framework contract covering a period of two to three years.

Promoting economic adjustment

Individual loans for regions faced with industrial decline (**Objective 2**), rural areas encountering conversion problems (**Objective 5(b)**) and sparsely populated areas (**Objective 6**) totalled **3 663 million**.

The sectoral breakdown reveals that in these areas the lion's share of lending (45%) was given over to transport infrastructure, although the importance of protecting the natural and urban environment (18%) was also recognised. Industry and services absorbed 15% of the total.

Support for network financing

Resources totalling 3 billion were channelled into financing for postal, telecommunications



and transport networks as well as power grid interconnections benefiting several assisted areas or an individual country as a whole.

The EEA Financial Mechanism

The EIB continues to manage the Financial Mechanism of the European Economic Area (EEA), funded by the Commission and the EFTA - EEA countries. The package of 1.5 billion in loans with interest rebates and 500 million in grant aid, established in 1994, has been committed in full for projects in Greece, Portugal, the island of Ireland and Spain. Further progress was made on implementing these projects in 1999.

Review of EIB lending since reform of the Structural Funds in 1989

Since the 1989 reform of the Structural Funds, **individual loans** granted by the EIB for financing projects in regional development areas have amounted to **104.4 billion**, or 70% of aggregate individual loans.

Having risen from 5.4 billion in 1989 to reach 12.9 billion in 1999, EIB regional development lending has grown on average by 9%

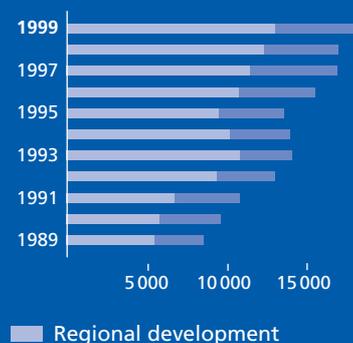
per annum, a rate higher than that for loan signatures overall (8% a year).

In addition, allocations under ongoing **global loans** have also made an impact at the level of small and medium-scale infrastructure schemes and SME ventures in assisted areas. Weighting the global loans concluded in each country in terms of the percentage of the population living in eligible areas produces a figure of some **28.5 billion**.

Thus, **globally**, over the period from 1989 to 1999, EIB lending in support of regional development amounts to **133 billion**.

This activity was pursued in close cooperation with the Community institutions, particularly the Commission, which deploys the budgetary instruments facilitating structural adjustment in these regions.

Individual loans regional development: 1989 - 1999: 104 billion



The period 1989-1999 saw individual loans for regional development totalling 104 billion. The annual growth rate (9%) outstripped that for the Bank's activities overall

Individual loans for regional development 1989-1999: 104 billion

	1989 - 1993		1994 - 1999	
	Value	%	Value	%
EIB operations in Member States (individual loans)	55.5	100%	94.5	100%
Regional development, of which:	37.8	68%	66.5	70%
* Objective 1 areas	21.3	56%	30.6	46%
* Objective 2, 5(b) and 6 areas	12.8	34%	23.7	36%
* Community specific action areas and areas benefiting from national aid schemes; multi-regional projects involving several eligible areas (*)	3.8	10%	12.2	18%

(*) mainly communications networks



1994 - 1999 overview

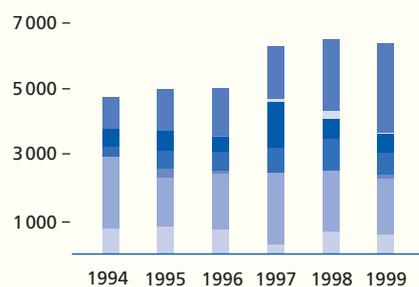
During the second period covered by the Structural Funds, from 1994 to 1999, individual loans granted by the Bank in support of regional development totalled 66.5 billion. All areas combined, this figure comprised 25 billion for transport, 11.8 billion for energy, 11 billion for telecommunications, 7.7 billion for the environment, 9.4 billion for industry and services and 1.7 billion for human capital. In addition, global loans signed in favour of these areas amounted to some 19.5 billion for SMEs and small-scale local infrastructure.

Individual loans made available in areas lagging behind in their development (**Objective 1 areas**) came to 30.6 billion. They targeted improved basic infrastructure - transport (40%), telecommunications (8%), energy networks (24%) - with a view to mitigating the disadvantages of comparative

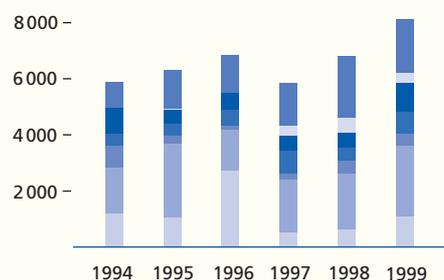
inaccessibility. Since introduction of ASAP (November 1997), the EIB has also been supporting an increasing volume of health and education sector projects in these areas (4%).

In **Objective 2, 5(b) and 6 regions**, i.e. those undergoing economic restructuring or characterised by an extremely low population density, individual loans account for 23.7 billion. The Bank has given top priority to economic adjustment through upgrading of transport (46%), energy transfer (16%) and environmental protection (16%) infrastructure.

Sectoral breakdown of loans in Objective 2, 5(b) and 6 regions



Sectoral breakdown of loans in Objective 1 regions



- Energy
- Transport
- Telecommunications
- Environment and sundry
- Industry, services
- Human capital
- Global loans



The Bank's regional development strategy for the future

During coming years, EIB lending for regional development will be designed to dovetail with the Union's structural and cohesion policies for the period 2000 - 2006, so as to underpin Community support for economic and social cohesion.

Consequently, the EIB will pursue its strategy in close **cooperation** with the Commission, while ensuring **complementarity**, in line with the conclusions of the Cologne European Council of 3 and 4 June 1999, which invited the EIB "to support and supplement Community structural and regional assistance, especially in areas that will no longer qualify for assistance in future".

This complementarity will take two forms:

- **Geographical complementarity:** in favour of certain regions which, because of their improved economic health, will eventually lose the benefit of structural support or have that support sharply reduced.
- **Sectoral complementarity:** for projects in sectors in which the income generated by investment will be sufficiently substantial for there no longer to be any justification for public subsidies, despite the importance of the part such projects play in regional development. This applies, in particular, to certain communications, energy and sewerage infrastructure.

With these as its watchwords, the EIB intends to develop its operations in two main directions:

- **Encouraging local business initiatives in the less favoured areas**
 - by providing increased support for innovative enterprises and for infrastructure, as well as for information society services,
 - by improving the urban environment and strengthening the potential of towns and cities,
 - by promoting education and training,
 - by continuing to equip these regions with the basic energy, communications and environmental infrastructure essential for their development.
- **Continuing to integrate the less favoured and peripheral regions**
 - by improving not only the Trans-European Networks (TENs) but also sections of national networks giving access to them, together with accompanying environmental protection measures,
 - by developing the network infrastructure necessary for dissemination of information, together with related services.

At the same time, the Bank will, of course, pay special attention to preparing for the accession of the candidate countries. It will do so, on the one hand, by stepping up its direct lending with the same objectives as for the Member States and, on the other, by assisting the Community institutions to identify high priority and economically sound operations that most deserve budgetary support.

**Cooperation and
complementarity
with the Commission**





Human capital (health and education)

Following adoption of the Resolution on Growth and Employment by the Amsterdam European Council (June 1997) and with activation of ASAP, the health and education sectors became eligible for EIB financing for a period of three years.

The Cologne European Council (June 1999) requested the EIB "to continue, and widen, credit allocation for ... education and health ..." beyond the year 2000. Hence, since July 1999, health sector projects, along with those in the field of education, have been automatically eligible for EIB lending throughout the Union as part of the process of promoting and preserving the value of its human capital.

Making the most of experience already acquired, the Bank is pursuing a policy, in both the health and education sectors, of operating on the basis of a sound knowledge of the national context and in accordance with the specific investment programmes devised by the decision-making bodies at national and regional levels.

The Bank's support for these projects therefore takes into account economic and social parameters in the country or region concerned, one of its objectives being to enable the people living in outlying areas or areas with social problems to have readier access to health and education facilities comparable in quality with that available in the rest of the Union.

Since it began operating in the fields of health and education, the EIB has broadened its experience by organising conferences and developing contacts with European networks of health and education professionals, such as the European Observatory on Health Care Systems, set up jointly by the EIB, the WHO, the World Bank, the Spanish and Norwegian Governments and the London Schools of Economics and Hygiene and Tropical Medicine, as well as by establishing close relations with the OECD. These contacts are giving the EIB access to specialist data and skills and are helping it to refine its project appraisal techniques.

In 1999, **individual loans** provided by the Bank for human capital projects with absolute priority under the COP amounted to **571 million**. They centred on construction of hospitals in Spain, Germany and Italy and educational establishments in France, Germany, Sweden, Spain and Italy.

Moreover, numerous schools and hospitals have been financed through global loans, mainly in Germany, the Netherlands and Belgium. According to information from the

intermediaries, **626 million** has been made available in **global loan allocations**.

Between 1997 and the end of 1999, **individual loans** worth nearly **1.8 billion** were signed in eight countries, with 778 million going into education and 1 billion into health.

Of these projects, 91% are situated in assisted areas.

Since the ASAP initiative was launched in 1997, 4.5 billion has been approved for 32 projects spread over 11 EU countries.



The 1999 approvals include:

- ten projects in the field of education, including the Babelsberg College for Film and Television, in Germany, an interesting case of Bank involvement in a highly specialised education project, schools in Glasgow, Stoke-on-Trent and Sheffield in the United Kingdom, within the context of a public-private partnership initiative, and universities in Turin, Valencia and Athens.
- in the health sector, the two projects approved related to modernisation of hospital centres in the Land of Sachsen-Anhalt and in Austria.

**91% of human capital
development projects
financed since 1997
situated in assisted areas**

Amsterdam Special Action Programme (ASAP): the specifics

Formulated in response to the Amsterdam European Council Resolution on Growth and Employment (June 1997), the Amsterdam Special Action Programme enabled the Bank to undertake new tasks with regard to mobilising additional resources designed to contribute to economic growth and thus stimulate employment.

This programme, initially spanning three years (September 1997 - 2000), has three components (for a detailed description see pages 16 and 17 of the 1998 Annual Report):

- a "SME Window" intended to provide new venture capital instruments offering equity finance for high-technology and growth-oriented SMEs. The risks associated with such operations are offset by a 1 billion reserve set aside from the Bank's operating surpluses. The results are analysed in the section on "Promoting SMEs" on pages 28 and 29;
- expansion of Bank financing into the areas of health and education; as these have become fully-fledged objectives in their own right (in July 1999), a separate sub-chapter has been devoted to them (see above);
- intensification of the Bank's already substantial support for investment in TENs and other large-scale infrastructure networks, as well as for investment in urban renewal and environmental protection. Operations corresponding to these various objectives are described on pages 19 to 24. This support can also take the form of financing for preliminary or feasibility studies for TEN projects in the fields of transport and the environment.





European communications infrastructure

From the outset, pursuant to the remits entrusted to it, the Bank has actively participated in the development of transport, telecommunications and energy transfer infrastructure networks with a Community dimension.

Completion of the TENs is of vital importance for the economic integration of the Union and the development of its less favoured regions. Particular attention is being paid to outlying and remote areas and to the elimination of bottlenecks created by obsolete infrastructure, especially in industrial conversion areas and conurbations.

The Report on the European Employment Pact, appended to the conclusions of the Cologne European Council, stressed that "European infrastructure is to be further improved by Trans-European Networks - in particular, the priority projects in the transport field as well as the development of projects in telecommunications and information technology to improve innovation and competition - and the assistance provided by the European Investment Bank".

In January 1999, the European Parliament gave a favourable reception to the Commission's communication on the financing of trans-European transport network projects by means of public-private partnerships (PPPs). It considered that recourse to this form of financing was the key to carrying forward the Trans-European Network programme.

Over the entire spectrum of projects associated with European communications infrastructure, the Bank has provided strong support for PPPs. The experience built up by the EIB over the years continues to represent an added bonus, particularly in the transport sector where the primary objective of Community policy is to bring the countries of the Union closer together and to improve links with non-member countries, principally candidates for accession.

In the field of telecommunications, which has been opened up to liberalisation and competition throughout the Union, the Bank is providing support not only for investment in capacity upgrading but also for expansion of the range of services available and the potential of the networks to absorb new developments. The aim is to exploit to the full the advantages of the burgeoning information society.

In 1999, EIB lending for European communications infrastructure amounted to **10 269 million**.

This accounted for 56% of total individual loans provided within the Union, with 70% targeting projects in assisted areas.

Over the past five years, some 40.8 billion - 30 billion for transport and 10.8 billion for

telecommunications networks - has been directed towards supporting this fundamental interlinking fabric, very much the mainstay of balanced regional development.

More for transport

Lending for transport projects increased sharply to 7.9 billion, well in excess of the already very high level for 1997 (6.8 billion), on



European communications infrastructure (1999)

	(EUR million)
Transport	7 887
Exceptional structures (*)	547
Railways	1 736
Roads and motorways	3 541
Air and maritime transport	2 064
Postal services and telecommunications	2 382
Networks and exchanges	1 702
Mobile telephony	424
Postal services	256
Total	10 269

(*) Great Belt and Oresund

the crest of sustained activity in the motorway and air transport sectors.

The level of financing for **rail transport** (1 736 million) reflects the completion of certain large-scale projects (Belgian and French Mediterranean high-speed rail links) at a time when other projects are only just starting up. Loans signed in 1999 helped, in particular, to fund the Bologna-Florence and Rome-Naples sections of the Italian high-speed network; technical upgrading of the west coast London-to-Glasgow line; and modernisation programmes in Finland and Spain.

Lending for **roads and motorways** (3 541 millions) rose steeply. In addition to loans for building new motorway sections in Germany, the Cohesion Countries, France and Norway, there was also financing for modernising parts of the existing network in France and Italy.

Loans for the **air and maritime transport** sector (2 064 million) also recorded marked growth. More than half centred on airline fleet renewal and expansion in seven EU countries (1 148 million). Next came loans for the construction or extension of airports:

Nuremberg, Cologne/Bonn, Athens, Madrid, Mulhouse/Basle, Milan-Malpensa, Rome-Fiumicino and London-Heathrow. Financing was also provided for port development works at Kotka, in Finland, and at Liverpool.

At the same time, the EIB continued to participate in the financing of two major fixed links, the Great Belt, joining eastern and western Denmark, and the Oresund, joining Sweden and Denmark.

Levelling-off in telecommunications financing

In 1999, lending for telecommunications (2 126 million) returned to a level on a par with that for 1997. **Fixed network** extension projects in Denmark, Spain, Italy, Finland and the United Kingdom accounted for 1 702 million, while 424 million was advanced for **mobile telephony** development in Greece and Portugal. In addition, 256 million supported rationalisation of **postal services** in Germany, Denmark and Sweden.



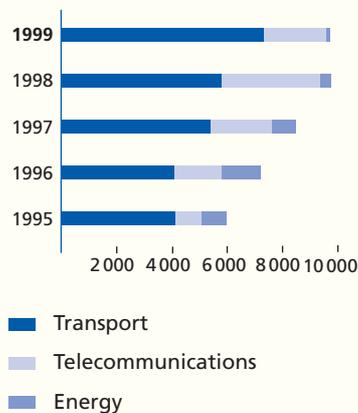
Over the past 5 years, loans for European communications infrastructure have totalled 40.8 billion, most of this devoted to assisted areas

European communications infrastructure: 1995-1999: 40.8 billion



Since 1993,
the EIB has approved
65 billion dedicated
to financing TENs and
their extension outside
the Union

**Trans-European Networks:
1995 - 1999:
41 billion in contracts signed**



Financing Trans-European Networks

Since 1993, following the recommendations of the High-Level Group chaired by Commissioner Christophersen and the December 1994 Essen European Council's identification of priority projects, the Bank has stepped up its operations in support of trans-European transport, energy and telecommunications networks (TENs) and their extension to regions bordering on the Union, especially in the countries of Central and Eastern Europe applying for EU membership.

The EIB has thus approved, since 1993, 65 billion in loans for TENs inside and outside the Union, involving aggregate capital expenditure estimated at around 206 billion.

By the close of 1999, loans amounting to 13.5 billion had been approved for ten of the fourteen **priority transport projects** identified at the Essen European Council in December 1994. Contracts signed for these same projects ran to 9.8 billion, including 1.6 billion signed during the course of 1999.

Approvals for seven of the ten **priority projects in the energy sector** totalled more than 2.5 billion, while signatures amounted to 2.2 billion.

Over the period **1995-1999**, approved TEN loans inside the European Union amounted to 42 billion in all: 28 billion for transport networks, 3 billion for energy transfer networks and 11 billion for telecommunications infrastructure. Of this total, contracts worth 36 billion have already been signed.

Outside the Union, 6 billion has been approved for transport networks, power and gas links and telecommunications development schemes in the Central and Eastern European and Mediterranean rim countries. Contracts have been signed for the equivalent of 5 billion.

Having climbed from 6 billion in 1995 to 9.7 billion in 1999, loans signed for Trans-European Networks have grown at an average rate of 13% per annum, distinctly higher than the average growth level for Bank loans.

The sectoral breakdown of these signatures over the period in question reveals the predominance of loans for transport networks, which account for 65% of lending. Development of telecommunications networks represents 26% of the total and energy transfer financing 19%.



In 1994, with a view to adapting its lending conditions to the special requirements of investment in these networks - large-scale, high-cost operations spread over several years - and expediting their finalisation, the EIB introduced a series of specific measures under its "TENs Window" facility.

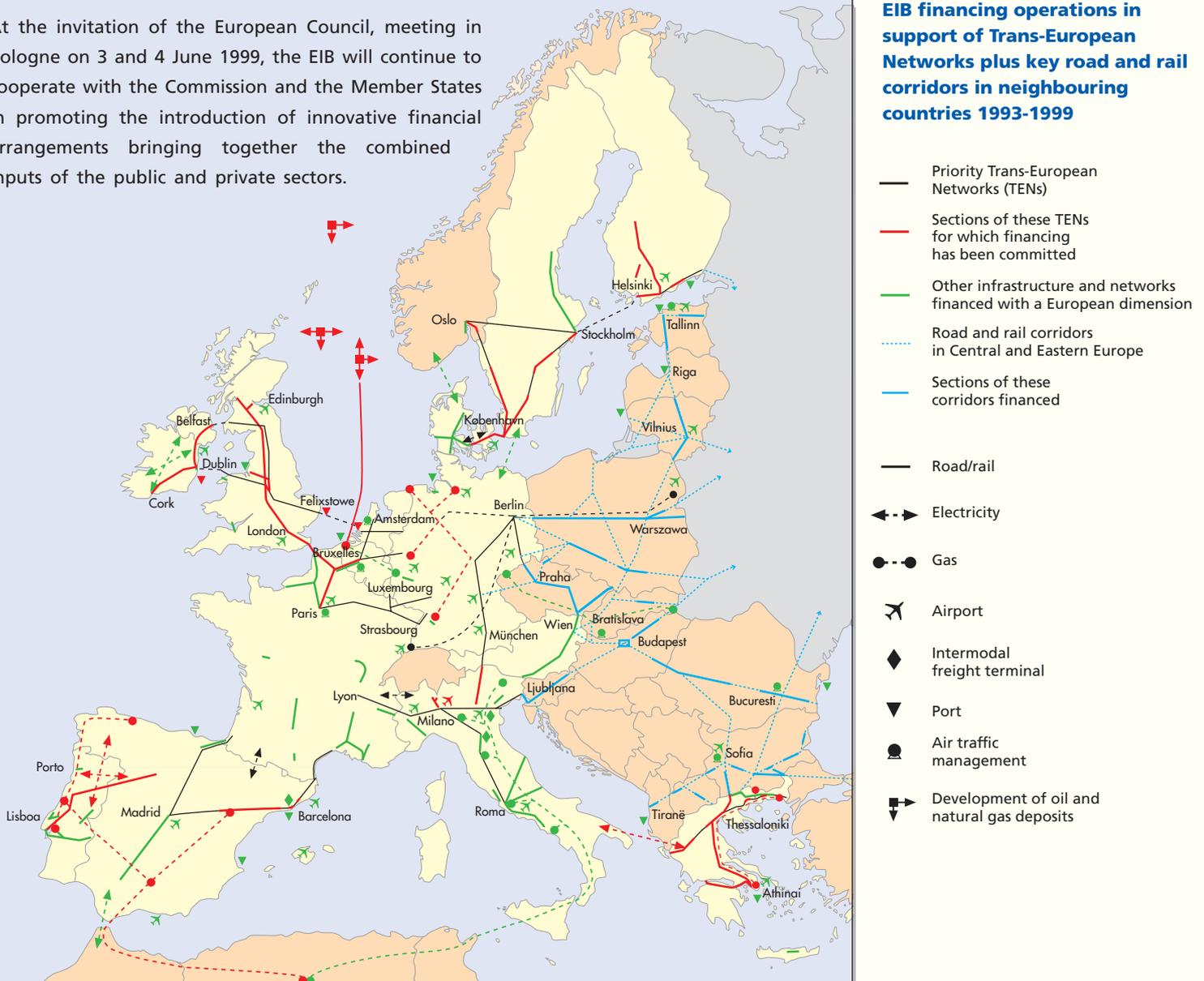


In addition to involving itself more closely with each project from the outset in order to optimise individual financing arrangements, the Bank has made a determined effort to offer longer loan maturities and grace periods.

Similarly, it has taken an active part in the development of public-private partnerships to support the expansion of these networks. The most significant projects under this heading include Athens airport, the Channel Tunnel high-speed link, the Oresund rail-road fixed link, the new tunnel under the Elbe near Hamburg, the E18 motorway in Norway, financed under Article 18, and several motorway sections in the United Kingdom and Portugal.

At the invitation of the European Council, meeting in Cologne on 3 and 4 June 1999, the EIB will continue to cooperate with the Commission and the Member States in promoting the introduction of innovative financial arrangements bringing together the combined inputs of the public and private sectors.

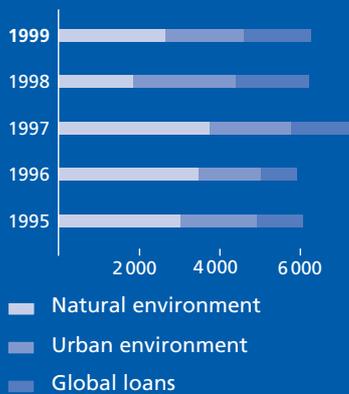
EIB financing operations in support of Trans-European Networks plus key road and rail corridors in neighbouring countries 1993-1999





Water tower in Rome

Natural and urban environment: 1995 - 1999: 31.5 billion



Wastewater treatment plant in Wuppertal



Natural and urban environment

For many years now, the EIB has made a very real contribution to furthering the Union's environmental policies, not only by funding specific environmental protection schemes, but also by taking environmental factors into account in all projects which it appraises. The provision of any EIB loan is conditional upon compliance with current environmental standards and implementation of the most appropriate environmental protection measures.

The Bank's concern for environmental issues spans the natural environment (conservation and management of water resources, waste processing, and protection of the soil and air) and the urban environment (public transport systems within dedicated corridors and urban renewal). This latter aspect was identified by the Amsterdam and Cologne European Councils as a determining factor in providing fresh economic and job-creating impetus.

The Cologne European Council called upon the EIB to "continue, and widen, credit allocation for urban renewal, ... and also environmental protection, including renewable energy promotion". The Cologne Summit also emphasised the European Union's desire to fulfil the commitments entered into at the Kyoto Conference on Climate Change with a view to reducing greenhouse gas emissions and to bringing the Kyoto Protocol into effect. This underscored the Council's dedication to making environmental issues an integral part of other Union policies.

In tandem with implementing the Union's environmental policy priorities, over the past five years the Bank has maintained a high level of funding for environmental protection, averaging some 30% of aggregate lending in the European Union. Finance channelled into renewable energy has equated to an annual reduction in CO₂ emissions of around 23 million tonnes.

The Bank is also very alert to environmental problems outside the Union. Accordingly, the EIB and the World Bank have been jointly implementing the Mediterranean Environmental Technical Assistance Programme (METAP) since 1990, with the financial support of the European Commission and the United Nations Development Programme.

The Pre-Accession Facility established in 1998 for the candidate countries of Central and Eastern Europe as well as Cyprus (and Malta as from 2000) allows for increased support for environmental schemes or projects with a significant environmental component.



In 1999, **individual loans** for protecting the natural and urban environment ran to **4 577 million**, an increase of 4.8% on the 1998 level. This was equivalent to 25% of aggregate individual loans.

To this figure should be added some **1 650 million** in traditional **global loan** allocations, chiefly in Germany, for small-scale sewerage and sewage disposal schemes and urban development projects. **Environmental lending thus totalled 6.2 billion**, matching the previous year's figure.

The balance between funding for the natural and the urban environment was reversed by comparison with 1998. Urban transport and development accounted for 42% of individual loans, as against 58% one year earlier, although this is still higher than the average for the period 1995 to 1997 of 35% of environmental projects.

Altogether, between 1995 and 1999, urban areas attracted 41% of all environmental lending.

Increased funding for water resource management and waste processing

Wastewater treatment and drinking water supplies attracted 32% of funding, appreciably more than in 1998 (881 million and 20%).

Projects were financed under this heading in Austria, Belgium, Germany, Spain, the United Kingdom, Italy, the Netherlands, Portugal and Sweden.

Loans were made available for processing urban solid waste in Austria, Germany, Denmark, France, Portugal and Sweden.

Incineration of this waste is generally combined with heat and power generation to supply urban districts.

Reduction in harmful emissions

Lending to reduce atmospheric pollution targeted the industrial sector, chiefly chemicals and petrochemicals, in Austria, Germany, Italy and Sweden.

Sustained support for urban transport

Urban public transport schemes accounted for 27% of environmental lending, on a par with the 1998 level. These schemes encompassed urban and suburban railway networks in Germany, Denmark, Spain and Greece, as well as a tram system in France.

Financing for urban development, however, experienced a decline as certain large-scale projects came to fruition. Noteworthy projects include those to refurbish social housing in Portugal and in the United Kingdom, and to improve the urban environment in Bastia and Lyons, in France, and in Bologna and Venice, in Italy, which have received further funding.



Natural and urban environment (1999)

	(EUR million)
	Total
Natural environment	2 640
Water conservation and management	1 465
Waste management	656
Measures to combat atmospheric pollution	519
Urban environment	1 937
Urban and suburban transport	1 200
Urban development	737
Total individual loans	4 577
Global loans	1 650

Enhancing the urban environment in Malmö



Tramway in Manchester

With 10 billion over five years, lending for the urban environment has accounted for 41% of overall EIB environmental funding

Financing provided for urban development (1995 - 1999)

-  Urban transport
-  Bypasses, ring roads
-  District heating and/or waste incineration
-  Urban development
-  Social housing
-  Urban water schemes
-  Regional water programmes

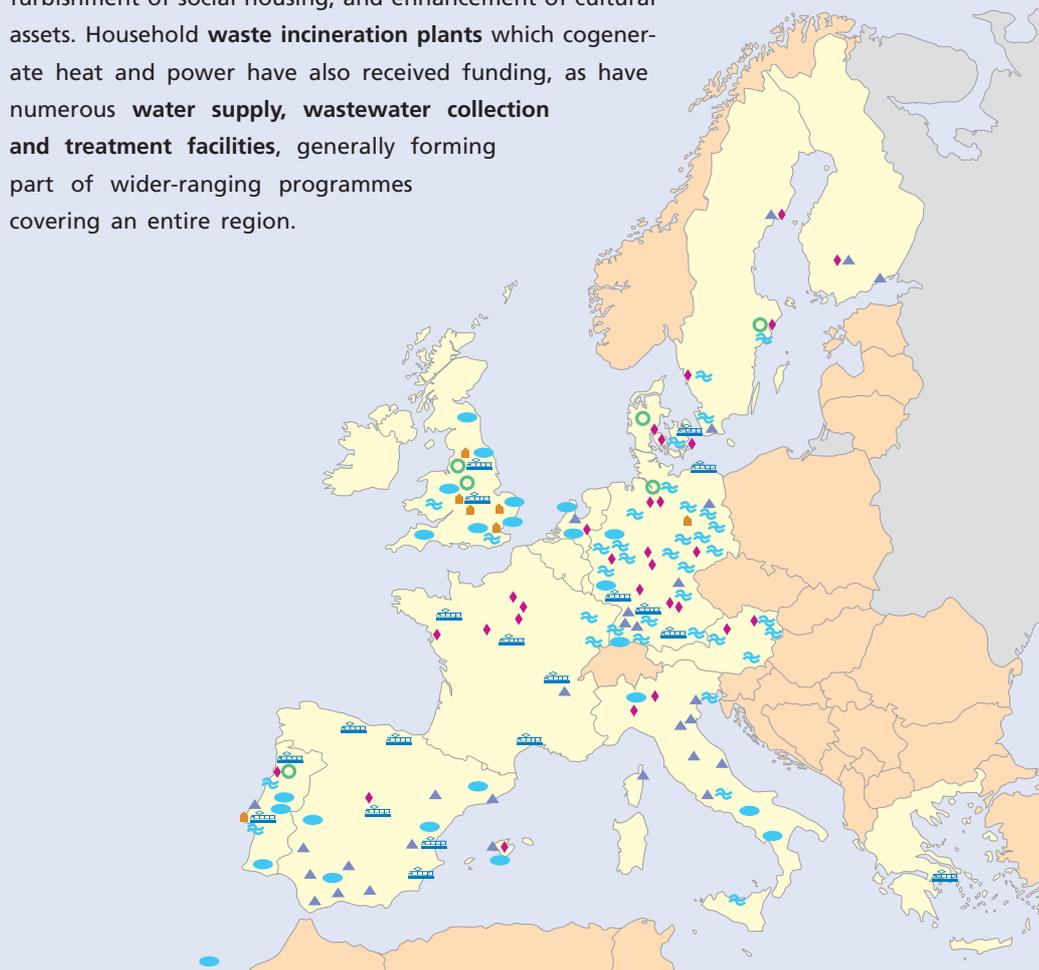
Financing sustainable urban development

Efficient organisation of urban areas helps to create jobs and enhance the quality of life for a large number of EU citizens.

Since 1987, investment in urban transport systems and projects to upgrade roads and preserve historical, cultural and architectural sites have been eligible for EIB support throughout the Union. The Amsterdam European Council (June 1997) invited the EIB to step up its funding for urban renewal, a sector which became part and parcel of ASAP when eligibility for financing was extended to social housing and regeneration of city centres. This invitation was confirmed at the Cologne Summit held on 3 and 4 June 1999.

Over the past five years, 1995-1999, schemes to improve living conditions in urban areas attracted 10 billion. These principally concerned **urban transport** and directly related services – metro, tram and bus systems, suburban trains and parking facilities – as well as construction of bypasses, ring roads and tunnels.

Many towns have benefited from **urban renewal** schemes: development of new districts, creation of parks and sports amenities, refurbishment of social housing, and enhancement of cultural assets. Household **waste incineration plants** which cogenerate heat and power have also received funding, as have numerous **water supply, wastewater collection and treatment facilities**, generally forming part of wider-ranging programmes covering an entire region.



Energy conservation

In 1999, the European Union continued to pursue the three key aims of Community energy policy: to maintain secure supplies, liberalise the internal energy market and foster sustainable development.

Although the establishment of trans-European gas and electricity networks continues to be accorded priority, the large-scale priority projects and main interconnections have now been more or less completed. Meanwhile, promotion of energy savings and efficient new technologies, including renewable energy sources, is set to become increasingly important.

The new multi-annual programme to encourage energy efficiency, adopted in December, aims to underpin the rational use of energy resources by promoting energy efficiency schemes across all sectors. It thus accords with the objectives subscribed to by the Union at the Kyoto Conference.

In 1999, individual loans provided by the EIB amounted to **2 571 million**, consistent with the levels attained in 1998 and 1997.

Priority for rational use of energy

Lending to promote rational use of energy made up 83% of the total. Funding went, almost entirely, to energy projects as such: district heating and electricity supply schemes in Austria, Denmark, Spain, Finland, France, Italy, Portugal, Germany, the United Kingdom and Sweden; and a combined-cycle power station in Greece.

In the industrial sector, loans were made available for modernising an oil refinery and for research in the metallurgical engineering sector in Austria, as well as for investment in two refineries in Sweden.

The volume of lending has risen steadily, from 41% of total energy financing in 1995 to 57% in 1997 and 83% in 1999.

Harnessing resources

Funds for developing indigenous resources targeted hydropower schemes in Austria and Portugal and harnessing of two oil deposits in Italy.

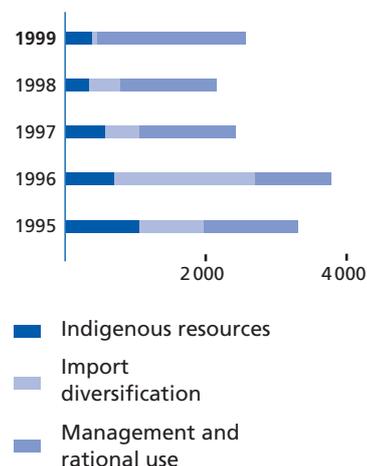
Lastly, loans for diversifying imports went towards completing the introduction of natural gas in Portugal and Germany.

Energy objectives (1999)

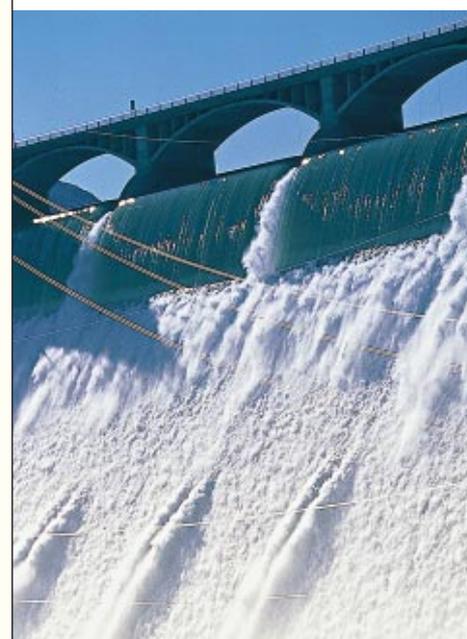
	(EUR million)
Indigenous resources	367
Oil and natural gas	200
Hydropower	167
Import diversification	71
Natural gas	71
Management and rational use	2 133
In energy sector	2 014
In industry	119
Total	2 571

Energy objectives:

1995 - 1999: 14.3 billion



Between 1995 and 1999, 52% of energy financing was channelled into schemes promoting rational use of energy





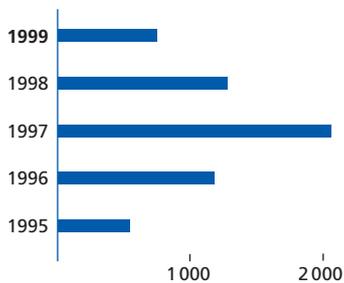
Industrial competitiveness

Through its individual loans, the Bank is helping to underpin the international competitiveness of Community industry. The EIB's support for industrial projects reflects the Union's own objectives for industry, in particular structural adjustment and improved productivity in regions lagging behind in their development, promotion of high technology in sectors offering strong growth potential, acquisition of new expertise in mature economic sectors, and enhanced energy efficiency.

Acting on an invitation from the Vienna European Council (December 1998), on 29 April 1999 the "Industry" Council adopted its "Conclusions on integrating environment and sustainable development into industry policy of the European Union".

In accordance with the objectives spelt out in the COP, the EIB has employed a more selective approach to financing industrial enterprises with the result that, in 1999, almost all funding (94%) went to firms located in assisted areas.

**Industrial competitiveness:
1995 – 1999: 5.8 billion**



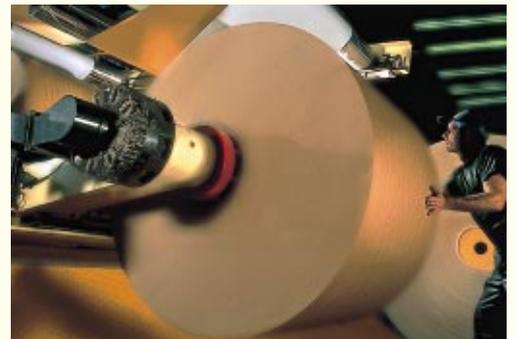
In 1999, **individual loans** intended to bolster the international competitiveness of Community industry amounted to **749 million**. This figure is in keeping with the lower priority assigned to this objective in the COP and the more selective approach to financing projects outside assisted areas.

Broad spectrum of sectors financed

The projects, situated in seven different countries, covered the manufacture of electrical and electronic equipment and domestic appliances in Germany and Italy, the chemicals and plastics industries in Germany and Belgium, upgrading of paper and pulp production facilities in Italy, Germany, Sweden and Finland, and pasta factories in Greece and Italy.

Finance was also provided for research and development projects concerning metallurgical engineering and industrial steam generation in Austria.

This assistance is also serving to protect the environment by introducing less polluting technologies.





Closer cooperation with the banking sector

Cooperation with the banking sector is a constant priority, offering an essential channel through which the EIB can:

- * optimise its operations on the capital markets;
- * contribute funding to important individual projects, many of which are brought to the EIB's attention by banks, part of the financing being suitable for intermediation;
- * obtain adequate security for funding private-sector individual projects, with one third of guarantees offered to the EIB being furnished by banks or other financial institutions;
- * act as a catalyst in establishing sound financing packages so that projects can be funded on the keenest terms as regards interest rate and maturity.

The EIB has consistently sought to enhance the financial environment for SMEs and local authorities by making more resources available to the banking sector, in the form of global loans, for financing SMEs or small-scale infrastructure. This cooperation, introduced in 1968, embodies the Community principle of subsidiarity and has since increased steadily. At present, relations have been established with close on 180 financial institutions or commercial banks which have the requisite networks and expertise for deploying global loans in partnership with the EIB.

Broader lending criteria for global loans

While global loans were originally designed for small-scale projects undertaken by firms in assisted areas, their scope has gradually been widened to encompass all SMEs so as to adapt to firms' changing requirements and the diversification of Community and national economic policies. Accordingly, eligibility was extended, in 1979, to small-scale infrastructure projects carried out by local authorities, in 1986, to environmental projects and, more recently, to the health and education sectors (human capital). The infrastructure sector now accounts for about half of all global loan operations.

The successive extensions of the scope of global loans are described in detail in the 1998 Annual Report, page 28.

Diversification of intermediaries and lending instruments

The Bank is keen to diversify its network of intermediary banks so as to offer the final beneficiaries an ever-wider array of financial partners and products from which to choose. In 1999, 23 new institutions were selected, of which ten are distinctly regional in character.

In order to facilitate deployment of its global loans by established partner banks, in 1996 the EIB developed a new approach: portfolio financing, whereby projects are funded on the basis of the loan portfolio of the institution concerned and its calibre, rather than on an individual basis. Operations of this type were concluded in France and Germany.

At the same time, under the Amsterdam Special Action Programme, the EIB introduced, jointly with the banking sector, a "SME Window". The purpose of this facility, which involves a degree of risk sharing, is to develop venture capital instruments for financing rapidly growing high-technology SMEs (see page 29).

**Global loans
in the European Union:
1995 - 1999: 34.7 billion**



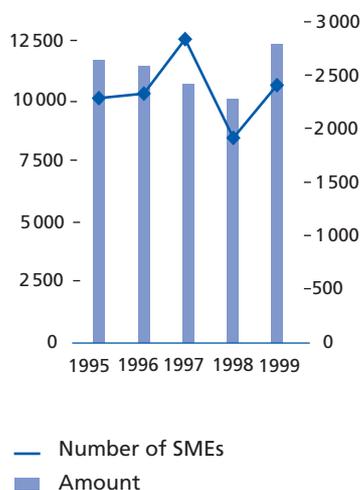


Promoting SMEs

For over 30 years, the EIB has attached priority to supporting the development of SMEs by improving the financial environment in which they operate. This assistance is of key importance: there are more than 18.5 million small and medium-sized enterprises, accounting for 99% of all private firms in Europe. They employ in excess of 70 million people, compared with the 38 million working in large firms, and also have a linchpin role in the introduction of advanced technologies.

The Amsterdam European Council in June 1997 called upon the EIB to develop new venture capital instruments for financing high-technology SMEs and those offering strong growth potential, while addressing national as well as regional needs and specifics. The EIB responded by instituting the "SME Window" (see page 29). In December 1998, the Vienna European Council then gave further impetus to this initiative by inviting the Bank to step up the pace of lending for venture capital operations. Lastly, the Cologne Council, in June 1999, encouraged the EIB to redouble its efforts in favour of SMEs.

55 000 SMEs financed between 1995 and 1999



Financing SMEs through standard global loans

These global loans are deployed in partnership with national or regional financial institutions.

On the basis of data collated by financial intermediaries, in 1999 a sum of 2 800 million in global loan allocations was distributed among about 11 500 SMEs.

Over the past five years, 12.8 billion has been provided for starting up, modernising or

Investment by small and medium-sized enterprises

Allocations from ongoing standard global loans

	1999		1995-1999	
	number	amount	number	amount
Belgium	488	224	2 605	1 175
Denmark	24	12	814	193
Germany	510	410	3 888	1 958
Greece	15	42	98	165
Spain	2 274	567	4 987	1 262
France	5 644	356	30 128	2 001
Ireland	387	85	652	161
Italy	599	463	3 866	3 289
Luxembourg	2	2	6	5
Austria	180	107	479	246
Netherlands	27	24	459	363
Portugal	85	45	345	171
Finland	1	1	85	57
Sweden	1	1	57	16
United Kingdom	1 234	461	5 931	1 670
Total	11 471	2 799	54 400	12 731

expanding some 55 000 SMEs in the productive sectors. Capital projects in industry and agriculture attracted 8.6 billion, while 4.2 billion was allocated to the service sector.

The sectoral breakdown of global loan allocations reveals the extent of the contribution made to the mechanical engineering and metalworking sectors (22%), the building industry and construction materials (16%), paper and pulp production (12%) and the agricultural and foodstuffs sectors (11%).

Private-sector services received 22% of this financing, commerce 15% and the leisure and tourism sector 10%.

Funding per SME averaged out at EUR 230 000, an appropriate amount for the specific needs of these businesses.

An examination of these SMEs highlights the predominance of very small businesses, with those employing fewer than 50 persons attracting 85% of overall credit. Furthermore, projects in the less favoured regions absorbed 69% of aggregate allocations.

Venture capital

The EIB has been expanding its facility, introduced in 1997, aimed at bolstering the venture capital market in the European Union. The "SME Window", the most innovative feature of ASAP, is intended to provide equity and quasi-equity financing for high-technology SMEs and those with strong growth potential, while taking specific national conditions into account. This facility is being deployed in close cooperation with the European Investment Fund (EIF) and the banking and financial communities in the Member States, whose involvement is having a significant multiplier effect on EIB venture capital support. The risks associated with these operations are guaranteed under a reserve of 1 billion set aside from the Bank's operating surpluses.

The "SME Window" takes two forms:

- Operations deployed directly by the EIB which, in 1999, resulted in the financing of 17 venture capital funds, a broadly similar outcome to that for 1998 (19 operations). High-technology funds feature large among the new operations concluded or approved during 1999, examples being the Merlin European Biosciences Fund (the first pan-European fund with which the EIB has been involved) for an amount of 50 million, and Eqvitec Technology Mezzanine Fund, in Finland, for 17 million.
- The EIB has endowed the EIF, which thus acts as a "fund of funds", with a 125 million package which went towards setting up the European Technology Facility (ETF 1). By the close of 1999, the ETF had committed 85 million to 19 funds established in ten EU countries. A second mandate (ETF 2, maximum of 125 million) was concluded with the EIF on 22 October 1999. The Bank and the EIF have undertaken to set their working relations on a new footing with a view to making the most effective use of their respective complementary financing facilities for SMEs, notably their venture capital instruments. The two institutions intend, in particular, to widen the geographical coverage of investment operations of this kind and to promote development of venture capital markets in the Cohesion Countries.

***Between 1995 and 1999,
global loans benefited
55 000 SMEs, of which
85% had fewer than
50 employees***



From the time of its first venture capital operation until the end of 1999, the EIB approved 39 operations in 14 Member States worth 775 million, of which 477 million has been signed (excluding ETF 1 and 2). The average contract signed is for 19 million, with individual amounts ranging from 5 to 51 million.

These operations most often serve to create venture capital companies jointly with financial institutions. They also help to make guarantee instruments available to existing venture capital companies.

Generally speaking, the geographical coverage of funds supported by the EIB potentially extends beyond a single Member State, although some funds are regional in character (for example, the Midland Enterprise Innovation Fund in the United Kingdom and the Regionaler Beteiligungsfonds Süd in Germany).

It is too early to draw any significant conclusions concerning the job-creating impact of this financing. However, the EIB is keeping this aspect under review and the initial indications are promising.

At the end of 1999, the total amount of operations approved under the ASAP "reserve" (maximum of 1 billion, already drawn from the surpluses for 1996, 1997 and 1998) ran to 775 million, added to which is the 250 million earmarked for ETF operations. The percentage of each operation scored against the ASAP reserve depends on its risk profile.

It is anticipated that additional resources will therefore have to be released by the end of the first half of 2000, to be drawn from the EIB's operating surplus for 1999, in order for the Bank to continue its venture capital activities uninterrupted.



Financing investment and job creation in the Union

Supporting job-creating investment (the "Growth and Employment" initiative adopted by the Amsterdam European Council in June 1997) is one of the EIB's priorities, alongside other objectives which can have a negative impact on employment, such as the industrial competitiveness of the Union, rational use of energy or streamlining production methods to benefit the environment. Yet other objectives, such as the establishment of European communications networks, are justified in job-creation terms by their indirect influence on employment. Hence, any evaluation of the spin-off for employment of EIB financing must be viewed in this overall context and be related primarily to supporting investment to boost economic activity.

EIB financing makes a significant contribution to stimulating economic activity: the total value of projects financed in 1999 represents 5.1% of investment Europe-wide, measured by gross fixed capital formation (GFCF), with an even greater impact in assisted areas: 6.2% in Germany's Eastern Länder and 10.5% in the Cohesion Countries.

Input-output models for assessing the employment impact of every billion euro invested yield the following macro-economic analysis.



Financing in the infrastructure sector

The bulk of EIB funding comes under this heading: 21 billion in 1999.

Jobs concerned during the **construction phase** are relatively independent of the economic sectors in which the infrastructure is built. One quarter of the jobs targeted are generally in the service sector, owing to the spin-off effect on suppliers. If it is assumed that one billion euro invested generates 20 000 jobs during the construction of an infrastructure project and that, on average, projects funded by the EIB require a construction period of between 3 and 3½ years, then some 6 000-7 000 jobs are directly or indirectly concerned every year per billion euro invested by the Bank. This means that, in 1999, the 21 billion of EIB financing devoted to infrastructure supported around 125 000 jobs in this sector. As, on average, the EIB finances 33% of the total cost of infrastructure schemes, the overall value of projects supported by the EIB in 1999 sustained some 380 000 jobs per year.

The direct and indirect effects on employment during the **operational phase** for infrastructure projects financed can be estimated from the ratio of jobs to capital stock. By taking a low estimate, one billion euro invested in infrastructure can be assumed to generate economic activity involving about 3 000 jobs. Accordingly, it can be calculated that the activities resulting directly or indirectly from infrastructure projects financed by the Bank in 1999 will on completion, i.e. within 3 to 3½ years' time on average, generate some 190 000 stable jobs.

Financing in the industrial sector

The number of jobs created by SMEs over the past ten years (+ 260 000 per year) has cancelled out the jobs lost as a result of rationalisation in large-scale industrial projects (- 220 000 per year).

In 1999, the Bank directed 2.8 billion towards supporting 11 500 SMEs, 70% of which were located in assisted areas. Assuming that the ratio of jobs to capital stock in the manufacturing sector is in the region of 8 000 jobs per billion euro invested, and bearing in mind that global loan financing accounts, on average, for 45-50% of external financing for SMEs' capital investment, the total value of SME projects co-funded from EIB global loans in 1999 safeguarded or created 40 000 stable jobs.

It should be pointed out that these financing operations, deployed under the ASAP "SME Window" (477 million signed since 1997), are intended to boost venture capital funding in support of innovative or high-growth SMEs. However, a proportion of the firms supported may not survive (hence the EUR 1 billion ASAP reserve drawn from the EIB's operating results to cover the risks associated with this investment) and/or may be subject to mergers or acquisitions during their development phase, with the result that the jobs created may be lost due to rationalisation or else become insecure. Other firms, by contrast, will develop satisfactorily and become real job generators. It is for these reasons that the employment impact of EIB operations under the "SME Window" cannot be evaluated properly until five to ten years on, when the outcome of all the investments made can be gauged.



A new framework for future action outside the Union





Supporting cooperation policies with non-member countries

In 1999, the Bank conducted its operations outside the European Union under:

- a combined lending mandate conferred by the Council for the three-year period from 31 January 1997 to 31 January 2000, embracing:
 - the Central and Eastern European Countries 3 520 million
extended in May 1998 to the FYROM 150 million
and in December 1998 to Bosnia-Herzegovina 100 million
 - the non-member Mediterranean Countries 2 310 million
 - the Asian and Latin American Countries 900 million
 - South Africa 375 million
(valid for 3 years as from 1 July 1997)
- a long-term mandate under the Fourth Lomé Convention, the Second Financial Protocol to which (2 658 million, including 1 billion in risk capital) covers the period 1998 - 2000, applicable in the 71 ACP countries. Financing worth 65 million (including 30 million in risk capital) has been set aside over the same period for the Overseas Countries and Territories (OCT) which are dependencies of certain Member States.

These operations under mandate are supported by a system of blanket budgetary guarantees intended to cover the risks attaching to operations in these countries. Under some mandates, the budgets of the Union or the Member States provide interest subsidies on EIB loans or risk capital managed and lent directly by the Bank.

The Bank has also been deploying, since 1998, a **Pre-Accession Facility** comprising a maximum amount of 3 500 million for capital investment in Cyprus and the ten Central and Eastern European Countries applying for membership of the Union. Financed from the Bank's own resources, this facility is not covered by any guarantees from the Community budget or those of the Member States.

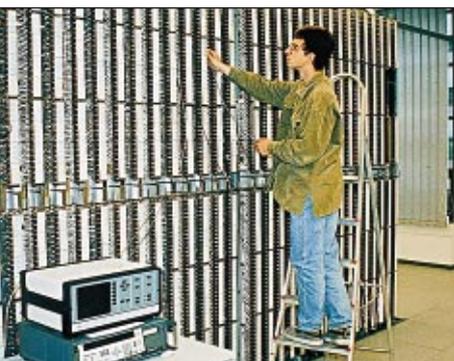
At the end of 1999, almost all of the funds available under the combined lending mandate and the Pre-Accession Facility had been committed.

Totalling 4 035 million in 1999, **financing outside the European Union** consisted of 3 834 million in loans from the Bank's own resources and 201 million in risk capital from the budgetary resources of the Union or its Member States.

Table H on page 131 lists the conventions, financial protocols and decisions governing the Bank's activity outside the Union.

The list of operations financed in 1999 is presented on pages 103 - 121.

Full-page photo:
Port of Klaipeda, Lithuania



A new framework for future action

As confirmation of its desire to see the Union continue providing financial assistance for regions covered by the Community budget guarantee, the Council decided, on 22 December 1999, on a new system of guarantees for EIB lending which will apply to loans granted as from 1 February 2000 (South Africa: as from 1 July 2000). It provides for a global guarantee, until 31 January 2007, from the General Budget of the European Community, amounting to 65% of aggregate lending up to an overall ceiling of 18.410 billion.

This figure breaks down as follows:

- Central and Eastern European Countries	8 680 million
- non-member Mediterranean Countries	6 425 million
- Asian and Latin American Countries	2 480 million
- South Africa	825 million

In November 1999, the EIB's Board of Directors also approved a **new Pre-Accession Facility for an indicative amount of 8 500 million** for the period 2000 – 2003. This Facility will be reviewed periodically. Financed entirely from the Bank's own resources, it is intended to fund projects in the ten candidate countries of Central and Eastern Europe as well as in Cyprus and Malta and does not benefit from the Community guarantee. The new Facility was approved by the Board of Governors on 4 January 2000.

The European Council held in Helsinki in December 1999 decided also to open accession negotiations with Bulgaria, Lithuania, Romania and the Slovak Republic plus Malta and to recognise Turkey as a candidate country.

The EIB has accepted a special mandate making available 600 million over three years (see box article on page 40) to aid reconstruction in the earthquake-stricken areas of Turkey.



Candidate Countries

In 1999, Bank lending in the candidate countries was conducted under the general mandate covering Central and Eastern Europe (3 520 million, expiring on 31 January 2000), the Euro-Mediterranean Partnership as regards operations in Cyprus, and the Pre-Accession Facility (3 500 million, also expiring on 31 January 2000).

This facility, by doubling the resources available, has enabled the EIB to play a major role in the eleven candidate countries and thereby to contribute, with a view to fostering regional development, to the measures already embarked upon, particularly with respect to environmental protection, extension of communications and energy networks, and enhanced industrial competitiveness.

The Cologne European Council of 3 and 4 June 1999 recognised the growing role of the EIB in assisting countries preparing to join the Union and the importance of such support to the Union itself. In the presidency conclusions, the Heads of State or Government invited the Bank to “back up the Community’s pre-accession strategy by widening credit allocation to include applicant countries”, in particular when those countries need to speed up their process of integration. Priority for financing under the second Pre-Accession Facility will be accorded to projects in key EU policy objective sectors: communications, energy, the environment, industrial policy and SMEs plus, as far as possible, health and education. Particular attention will be given to projects conducive to regional development.

In the interests of optimum resource allocation, the Bank will continue to cooperate closely with the Commission. It will also pursue its work with other multilateral financial institutions and Member States’ agencies active in the region as well as national and international banking institutions.

In 1999, lending in the candidate countries amounted to 2 373 million, a figure almost identical to that for 1998 (2 375 million). A total of 1 467 million was drawn from funds available under the Pre-Accession Facility; 906 million was deployed under the mandates.

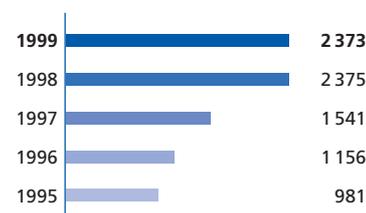
Increased support for transport

The sectoral breakdown of projects financed in 1999 bears witness to the priority accorded to this sector by both the beneficiary countries and the Union. In 1994, the Pan-

European Transport Conference, held in Crete, had already identified the road and rail corridors which would extend the Trans-European Networks.

Indeed, an effective transport system, at national, regional and trans-European levels, is necessary for development of the internal markets in these countries and for their integration into the Union.

**Candidate Countries:
1995 - 1999: 8.4 billion**





Ten Years in Central and Eastern Europe

As political change in Central and Eastern Europe accelerated during 1989, the European Union's readiness to provide financial support for the troubled economies of the countries in the region followed step. In this context, the European Investment Bank provided its first loans for investment projects in Hungary and Poland in 1990. From the outset, the EIB's lending focused on the energy, transport and telecommunications sectors, priority areas in vital need of rehabilitation or modernisation before these countries could transform their economic systems and build up a competitive industrial base. The first global loans to banks in these countries were also granted in 1990, helping to channel funds to small and medium-sized companies.

Very soon, the EIB became the biggest source of international finance for projects in Central and Eastern Europe. Successive lending mandates from the Bank's Board of Governors have covered not only the ten candidates for EU membership but also Albania, Bosnia-Herzegovina and the FYR of Macedonia.

Focus on Transport Schemes

By the end of 1999, loans totalling almost EUR 11 billion had been made available for projects in twelve Central and Eastern European Countries: Estonia, Latvia, Lithuania, Poland, the Czech Republic, the Slovak Republic, Hungary, Romania, Slovenia, Bulgaria, the FYR of Macedonia and Albania. About half of the total amount went to transport projects, including 1.5 billion for the railway network. Industrial, environmental and telecommunications projects absorbed around 15% each, while the remaining 6% was lent to energy schemes.

Improving the Quality of Urban Life

To join the EU, the CEECs will also have to comply with the Union's environmental standards. Many transport and energy projects financed by the Bank have already helped to enhance the natural and urban environment. The EIB has amplified this support by financing major urban public transport schemes in Bucharest and Cracow as a contribution towards offering an alternative to the growing use of private transport. In addition, the Bank has appraised numerous municipal environmental schemes with a view to preserving or improving the quality of city life. In this context, a substantial environmental loan to the City of Budapest helped to finance replacement of obsolete and noisy trams, rehabilitation of sewerage systems, construction of solid-waste incineration equipment, and the provision of parks, playgrounds and thermal baths, as well as other infrastructure to remove bottlenecks and relieve pressure on the environment.





Former Mandates expire - New Mandates approved

Both the EIB's general EUR 3.5 billion mandate for Central and Eastern Europe and the 3.5 billion Pre-Accession Facility for the ten candidate countries in the region as well as Cyprus expired on 31 January 2000. For the period 2000 to 2006, a new mandate of 8.68 billion covering the ten applicants, as well as Albania, Bosnia-Herzegovina and the FYR of Macedonia, has been approved by the Bank's Board of Governors. The Governors have also approved a new Pre-Accession Facility, for an indicative amount of 8.5 billion, for deployment in the Central and Eastern European candidates, as well as Cyprus and Malta over the period 2000 to 2003.

While annual lending in Central and Eastern Europe averaged about 1 billion over the last ten years, and over the past two years more than 2 billion, decisions already taken allow for a lending volume of 3.5 billion to 4 billion annually over the next seven years.

Combination of EU Grants and Loans, Co-financing with Development Banks

EU financial assistance to the CEECs strives to combine, in an optimal way, assistance in the form of grants and loans, thus ensuring the most effective use of banking and budgetary resources. That combination is determined through a close working partnership between the EIB and the European Commission, which manages grant aid and programmes for the region, namely PHARE, ISPA and SAPARD. Furthermore, whenever it is in the interests of the project, the EIB cofinances operations with the other multilateral financing institutions active in the region, in particular the European Bank for Reconstruction and Development and the World Bank.

Developing Central and Eastern European Capital Markets

As early as 1996, the EIB started to borrow on the emerging capital markets of Central Europe, issuing Euromarket bonds in Czech koruny, Slovak koruny and Estonian kroons and arranging synthetic Polish zloty operations. These bonds have helped to channel savings from Western to Central Europe. As from 1997, the EIB also introduced debt-issuance programmes in Hungarian forint, followed by Czech koruny, thereby consolidating its presence on the domestic market in Hungary and the Czech Republic and establishing long-term benchmarks for this market segment, while helping to channel local savings into productive projects. In general, the Bank has been in a position, whenever national regulations so allowed, to offer loans in the respective local currencies and eliminate exchange risks for borrowers.



**Candidate Countries:
loans provided in 1999**

	(EUR million)
Romania	396
Slovenia	375
Poland	347
Czech Republic	270
Slovak Republic	270
Hungary	170
Bulgaria	128
Latvia	98
Lithuania	84
Estonia	35
<i>Central and Eastern Europe</i>	<i>2 173</i>
Cyprus	200
Candidate Countries*	2 373

* of which Pre-Accession Facility:
1 467 million

Loans for **transport** infrastructure amounted to 1 543 million, of which 55% for upgrading the road and motorway network, 32% for improvements to the railway network and 13% for urban, air and sea transport.

Modernisation of railway links attracted support in Poland, the Slovak Republic, Bulgaria and Lithuania, as did modernisation, extension and renovation of road and motorway sections - particularly on Corridors IV and V - in Romania, Slovenia, the Czech Republic, Estonia and Cyprus.

Improving the environment and energy production

Projects to rehabilitate and extend drinking water supply systems and wastewater treatment facilities and to improve urban infrastructure (119 million) were financed in the Czech Republic (Prague), Bulgaria (Maritsa Valley), Latvia and Lithuania. A total of 139 million went towards construction of

combined heat and power plants in Hungary, refurbishment of a district heating system in Romania and uprating of a power station in Cyprus.

Promoting the industrial sector

In Hungary, a factory to produce injection pumps and a coking plant received 85 million, while 40 million supported construction of a car factory in Bratislava in the Slovak Republic. In addition, 312 million earmarked for the financing of small and medium-sized enterprises was advanced to partner financial institutions, i.e. banking concerns from the Union present in the region or national establishments.



Balkan Task Force

As a signatory to the Stability Pact for South-Eastern Europe, in June 1999 the Bank set up a special Task Force for the Balkans to identify, with a view to prompt financing by the EIB, infrastructure qualifying for urgent reconstruction in the regions devastated by the conflict in the Western Balkans.

The Task Force is also responsible for coordination of EIB activities in the region with those of the European Commission, the Stability Pact Coordinator and other international financial institutions assisting in the Balkan reconstruction effort.



Euro-Mediterranean Partnership Countries

In 1999, the Euro-Mediterranean Partnership was given fresh momentum at the Euro-Mediterranean Conference of Foreign Ministers of the Member States of the European Union and its Mediterranean partners, held in Stuttgart on 15 and 16 April, and attended for the first time by Libya as a special guest of the Presidency.

While reaffirming the priorities established at the Barcelona Conference in November 1995 (identification of a common area of stability, establishment of a zone of prosperity based on a free trade area, and development of a partnership between peoples), the Ministers agreed to give new impetus to their partnership, in particular by improving intra-regional and sub-regional cooperation.

For its part, the European Parliament on 11 March recommended that those non-member Mediterranean countries not currently participating in the Barcelona process be brought into it.

In 1999, loans in the Mediterranean partner countries (excluding Cyprus) amounted to 802 million, including 56 million from risk capital.

This total breaks down as to 655 million in individual loans and 147 million in global loans advanced to partner financial institutions in order to finance SMEs, small local infrastructure schemes and small-scale energy or environmental projects.

Priority backing for industry

Industry received individual loans totalling 330 million for projects in the chemical and petrochemical industries in Egypt, Jordan, Morocco and Tunisia and for operation of a phosphate plant in Jordan. In addition, in the service sector, 4 million will support modernisation of high-quality hotel accommodation in Tunisia.

Global loan funding and equity participations in private companies amounted to 82 million.

Developing communications

The transport sector attracted 171 million for modernisation of port infrastructure and railway

upgrading in Morocco as well as for improvements to urban roads in Tunisia.

Enhancing the environment ...

The Bank provided assistance in three countries, Egypt, Morocco and Turkey, for renovation of wastewater collection and treatment facilities. In Gaza and the West Bank, a programme for rehabilitating small-scale environmental protection infrastructure was also financed.

In addition, a global loan in Egypt will facilitate the financing of environmental infrastructure in the Sinai and Red Sea tourist areas.

... and managing energy resources

Construction of a gasline in Egypt absorbed financing worth 28 million, while a global loan for 40 million in Turkey will go towards small-scale combined-cycle power plants for auto-production of heat and power by industry.

Mediterranean Countries: 1995 - 1999: 4.4 billion



Mediterranean Countries: loans provided in 1999

	(EUR million)	
	Total	of which risk capital
Egypt	188	
Morocco	263	2
Tunisia	132	34
Gaza-West Bank	18	8
Jordan	80	
Turkey	90	12
Lebanon	30	
Mediterranean	802	56



**From 1997 to 1999,
the EIB invested over
900 million in development
of the private sector
and innovative
financial structures
in the Mediterranean
Countries**



Recognising the importance of the financial sector

Development of a vigorous competitive private sector is a prerequisite for the Mediterranean countries in the context of the projected free trade area with the EU. This objective is hence a priority for the Bank, which has a number of facilities available for this purpose:

- Standard global loans from the EIB's own resources, which are long-term credit lines set up with local financial intermediaries. From 1997 to 1999, some 255 million was channelled in this way to SMEs in industry, tourism and the service sector in eight Mediterranean countries. The Bank also provided 500 million in individual loans for projects in industry.

- Risk capital, financed from EU budgetary resources (MEDA programme), aimed at building up the capital base of companies in industry, tourism and the service sector in the Mediterranean Countries by means of direct or indirect equity participations. With this type of resource, insufficiently developed in the region, the Bank can tailor remuneration and repayment conditions to the performance of the project financed, while strengthening the promoter's financial base. Altogether, the Bank has committed 164 million in risk capital since 1997 in the non-member Mediterranean countries as well as Gaza and the West Bank; it has also assisted in the creation of regional investment funds (such as the Mediterranean Growth Fund).

This EIB involvement is helping to liberalise the financial sectors, making available to them financial products designed to encourage the creation of new structures, such as investment funds (Egycap Investment Fund in Egypt), venture capital companies (SPPP in Morocco) and development capital companies (Lebanon Invest and Jordan Invest). As part of the essential process of bringing enterprises in the Mediterranean countries up to a competitive level, risk capital may also serve to counterbalance the relative under-capitalisation of enterprises in these countries, which weakens them vis-à-vis European companies with a stronger balance sheet structure. Finally, in the context of privatisations, as in the case of Morocco and Tunisia, risk capital can be used to consolidate the equity base of the privatised company or to support investors called upon to back projects arising from public utility concessions.

TERRA: Turkish Earthquake Rehabilitation and Reconstruction Assistance Facility

At the request of the Council of Ministers and following a favourable opinion from the European Parliament, the EIB has accepted a three-year mandate for 600 million to provide loans, guaranteed under the Community budget, to be used for reconstruction of basic transport, energy and environmental infrastructure, as well as housing and small business premises. The funds will also go towards reinstating the industrial fabric in the provinces of Izmit, Adapazan, Yalova and Bolu, devastated by the earthquakes in August 1999.

In addition, the EIB gave a donation of EUR 1 million for reconstruction of an orphanage in the Izmit region.

The Bank has on many occasions already responded to natural disasters either by providing loans or by making donations, most recently in Poland and the Czech Republic (1997), in Honduras and Nicaragua (1998) and in Greece (1999).



African, Caribbean and Pacific States and OCT

The negotiations for a new development aid partnership agreement to replace the Fourth Lomé Convention were one of the highlights of 1999, a pivotal year in the Community's relations with the ACP Countries. Three ministerial negotiating conferences were held in 1999, in Dakar in February and in Brussels in July and December. Agreement was reached between the parties at the fourth and final meeting, which took place in Brussels on 2 and 3 February 2000.

The new Convention, expected to be signed in mid-2000 in Fiji, will run for 20 years. Risk capital financing will be replaced by an investment facility intended to promote development of commercially viable enterprises, mainly in the private sector. The EIB will manage this new instrument, to which EUR 2 200 million has been allocated for the first five years. Concurrently, the Bank will be able to mount operations drawing on its own resources up to an aggregate amount of 1 700 million.

The Bank's operations in 1999, amounting to 341 million including 145 million in risk capital, were conducted under the Second Financial Protocol to the Fourth Lomé Convention. They showed a sharp drop compared with 1998, when the Second Protocol first came into force. The level of financing was similar to that recorded in preceding years.

In the ACP States and the OCT, the Bank mounted operations in 21 countries and contributed to implementation of two regional projects. These operations break down as to 242 million in individual loans and 99 million in global loans for financing small and medium-scale ventures in the private sector and equity participations.

Targeting industry

Funds totalling 176 million, i.e. 52% of operations, were devoted to industrial development projects in five countries, benefiting the chemicals industry, agriculture, the foodstuffs industry, mining and metalworking. A shrimp farm in Madagascar and a feasibility study in Trinidad and Tobago were also financed.

The Second Financial Protocol to the Fourth Lomé Convention came into force only on 1 June 1998, together with the Council Decision on the OCT. These provided for a total amount of 1 693 million from the Bank's own resources (of which 35 million for the OCT) and 1 030 million from risk capital resources (of which 30 million for the OCT). By the end of 1999, finance contracts amounting to 441 million from own resources and 400 million from risk capital had been signed.

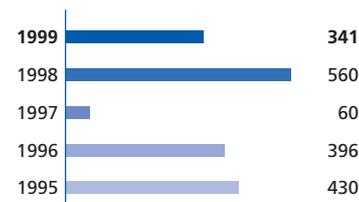
Global loans for small and medium-scale private sector ventures were arranged with financial institutions in ten countries. Two regional operations will assist the funding of equity participations in West Africa and the Caribbean.

Developing energy infrastructure

Power generation, transmission and supply attracted 98 million, especially for grid interconnections between South Africa, Swaziland and Mozambique.

The remaining operations were divided between transport infrastructure and modernisation of water supply and wastewater treatment systems in three countries.

ACP – OCT: 1995 - 1999: 1.8 billion



ACP – OCT: loans provided in 1999

	(EUR million)	
	Total	of which risk capital
Africa	287	114
<i>Southern</i>	85	42
<i>Central and Equatorial</i>	15	10
<i>East</i>	94	42
<i>West</i>	93	21
Caribbean	28	18
Pacific	7	7
OCT	19	6
ACP-OCT	341	145

South Africa

In 1999, the European Union strengthened its relations with South Africa, in particular with signature of a cooperation and development agreement.

The Bank's financing operations were deployed under the current specific mandate, allowing for 375 million, and in parallel with the Commission's grant aid programme, amounting to EUR 125 million per year.

Operations in 1999, totalling 150 million, ranged from power interconnections between South Africa, Swaziland and Mozambique, to development of a gasfield and

modernisation of a road link. Small-scale environmental projects were also financed, by way of a global loan.

Overview of operations in South Africa from 1995 to 1999

The Bank first launched operations in South Africa in 1995 in order to ease the transition to democracy and contribute to the Reconstruction and Development Programme.



Initially, these operations were pursued under a Council Decision covering the period from June 1995 to June 1997 and providing for a total of 300 million.

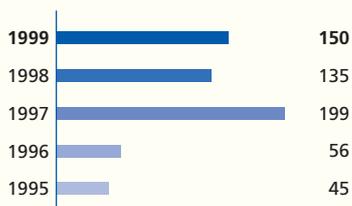
In July 1997, a new mandate, also covering three years and for a total of 375 million, was entrusted to the EIB. The first mandate has now been fully deployed and the second is 76% committed.

EIB financing (585 million) centred on:

- the energy sector, mostly electricity transmission (27%);
- water supply and wastewater treatment infrastructure under individual loans - e.g. water transmission from one region to another - and, through global loans, municipal infrastructure (46%);
- transport, notably improvement and extension of a toll motorway (7%);
- support for SMEs (20%).

Since 1996, 246 million has been raised in South African rand (ZAR) in order to resource part of the loans granted, thereby helping to eliminate exchange risks for the Bank's borrowers.

South Africa: 1995 – 1999: 585 million



Asia and Latin America

The Bank's operations in Asia and Latin America are covered by the combined mandate (January 1997 to January 2000), providing for a total package of 900 million.

In 1999, the Bank's loans in the Asian and Latin American countries amounted to 310 million.

Operations in Latin America

In Latin America (215 million), loans supported: in Brazil, modernisation of three tyre production plants, upgrading and extension of a mobile telephony network as well as small and medium-scale ventures under global loans to two private banks; in Mexico,

construction of a gas supply grid serving Mexico City. In the areas affected by Hurricane Mitch, a global loan will assist both reconstruction and development of private-sector initiatives.

Operations in Asia

In Asia (95 million), financing was provided for a combined-cycle power plant in Thailand and construction of a treatment plant for drinking water supplies in Chengdu in China.

Preliminary assessment of the mandate: January 1997 - January 2000

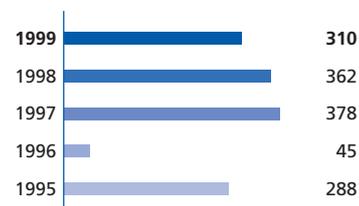
This mandate provided for a package of 900 million up to January 2000 for the Asian and Latin American countries. It enabled the EIB to back projects of mutual interest to the country concerned and to the Union: joint ventures linking European and local operators, transfer of European technology and know-how, cooperation in the fields of energy and environmental improvement.

As at 31 December 1999, contracts worth 764 million had been signed, with the balance having been approved. The breakdown of contract signatures, by country and sector, is indicative of certain overall trends:

In Latin America, financing operations (439 million) covered five countries and one regional project. The sectoral breakdown highlights the importance of telecommunications projects (36%), followed by small and medium-scale ventures financed under global loans (21%), energy (19%), support for industry (16%) and water management (8%). In Asia (325 million), financing operations, also benefiting five countries, were concentrated in three sectors: water management (54%), energy (38%) and transport (8%).

Altogether, 18 projects were financed: ten in Latin America and eight in Asia.

Asia and Latin America: 1995 - 1999: 1.4 billion



Asia and Latin America: loans provided in 1999

(EUR million)

Asia	95
Thailand	70
China	25
Latin America	215
Brazil	154
Regional - Central America	35
Mexico	26
Asia and Latin America	310

Breakdown by location and sector



Operations evaluation in the EIB

The EIB's Evaluation Unit published two reports in 1999:

- An Evaluation Study of 17 Water Projects located around the Mediterranean Basin;
- A Study on the Impact of EIB Borrowing Operations on the Integration of New Capital Markets.

The two studies differ substantially in scope and purpose. The study on Mediterranean Water projects was aimed at demonstrating strengths and weaknesses in terms of performance and impact on economic development and the environment. Not surprisingly, projects in the sector are often poor performers (sub-optimal project design and financial management, general institutional weaknesses, etc.) but they do provide social, environmental and economic benefits. The EIB is aware of the need for continued support towards the sector, and to ensure sustainability it should primarily focus on strengthening institutional and financial project aspects.

The study on borrowing activities was innovative in that for the first time a multilateral development bank has evaluated its fund-raising activities. The study, based on experience in Portugal, Spain and Greece, concludes that MDBs can have a significant impact on the development of new national capital markets and their integration into the international markets, and that they should push this further.

The theme of regional/economic development, of paramount importance to the EIB, continues to be high on the agenda of the Evaluation Unit. In addition to the two published reports, the Evaluation Unit has contributed with various notes and reports to the internal debate at the EIB. Thus, the ongoing reflections on regional



Wastewater treatment plant near Barcelona



development in 1999 were the subject of an important case study (two large European rail infrastructure projects), developing findings from previous studies on this topic.

Another important subject of current internal development and debate concerns the EIB's project monitoring activity. It is increasingly evident that a number of projects, especially in the Union, would merit closer follow-up after loan disbursement: by reinforcing the dialogue with promoters and by improving the EIB's own knowledge of the outcome and impact of projects financed, this should benefit future operations and should also serve internal reviewing of policies and strategic planning. Recognising the importance of this, the EIB is taking steps to strengthen its procedures both by integrating monitoring more broadly into the organisation, including the staff responsible for developing and negotiating operations - a process termed "self-evaluation" in international finance institutions - and by formalising the relevant annual reporting procedures to the Board of Directors.

In order to keep abreast of international developments in the field of evaluation the EIB has stepped up its contacts extensively both with the Commission and with other IFIs, along with its participation in international evaluation for organisations such as the European Evaluation Society. The EIB is supporting the dissemination of evaluation practices in European countries, believing that transparency and accountability are essential tools for developing internal efficiency and quality of operations. In the same spirit, the EIB liaises with the Evaluation Co-operation Group of the MDBs on a practical/technical level to promote common definitions and procedures, as well as to push for a standard of best evaluation practices among the international development banks.

Evaluation activity in the EIB will continue to be of major importance in the process of enhancing accountability and transparency of operations. In addition, as shown through last year's experience, its role as a catalyst for internal development must be emphasised. The need to optimise financing value and project quality is stimulating debate on performance and value-added indicators, objectives and eligibility criteria and hence the fundamental contributions of the EIB to European policies. The Evaluation Unit's future work plan is therefore focusing on such issues in recognition of the significance that operations evaluation can have in bringing important analytical learning to bear in operational work.

A strong and varied presence on the capital markets





Resources raised

*The EIB's intention is to consolidate the Bank's position as the leading AAA non-sovereign benchmark borrower, on the strength of the proven key principles which have guided EIB borrowing strategy in recent years: **seeking increased liquidity and lower costs; fostering development of Central and Eastern European markets; maintaining a presence on most of the world's capital markets.** The first policy goal was achieved by raising 90% of the Bank's resources (28.3 billion) in **three leading currencies - the euro, the pound sterling and the US dollar**, and by establishing benchmark issues right across the yield curve in these currencies. The **euro** was the main pillar of borrowing activity in 1999, by virtue of the Bank's strategy since 1996. The main development at the long-dated end of the EUR spectrum was the launch of the **EARN "Euro Area Reference Notes"** issuance facility. The strong showing staged by both the **GBP** and **USD** markets throughout last year gave the EIB the opportunity to strengthen its position on these markets as a leading issuer of benchmarks and to enable its own borrowers to benefit from this status. Moreover, the supply of structured products meeting the requirements of both institutional and retail investors on some domestic capital markets made it possible for the EIB to cut the cost of its fund-raising appreciably and to encourage greater loyalty among clients looking for attractively priced financial products. **The second main thrust** was geared towards furthering the EIB's support and development of capital markets in pre-accession countries in Central and Eastern Europe. The Bank set up a pioneering debt issuance programme in Czech koruny, instituting a new issuance technique identical to that used on the euro-market, but hitherto unknown on the Czech Republic's domestic bond market; it also inaugurated a 10-year segment on the same market. Lastly, **the third strategic drive** saw the EIB actively involved in most capital markets outside Europe and the USA (South Africa, Asia and Australia). The Bank's aims were also fulfilled as a result of shrewd expertise in risk control, a fundamental criterion for the Bank's management and an area in which the EIB has tightened its guidelines.*

In 2000, the EIB will endeavour, in particular, to develop innovative products, to accommodate its clients' needs more effectively (both borrowers and investors), to step up its support for emerging countries, most notably those in Central and Eastern Europe, to open these up to major markets as well as to broaden its geographical and sectoral coverage. Furthermore, it will optimise its use of modern communications technology - the Internet - thereby adding value to and enhancing the transparency of its borrowing operations to its clients' advantage.

Total borrowings signed, before currency and interest-rate swaps, amounted to **29 295 million**, down 7% on 1998 (31 463 million); the proportion collected in EU currencies was the same as in 1998, i.e. 68%, with some 43%

being raised in EUR (compared with 41% in the future euro-11 currencies in 1998). Of this total, **961 million** was concluded under the second debt exchange offer aimed at restructuring the Bank's debt into euro, a process



initiated in June 1998 (1 318 million), and **28 334 million** was obtained on capital markets to finance loans or to cover cash flow shortfalls.

The 6% decline in total **resources raised** can be attributed, in particular, to the slower pace of loan disbursements, the less accommodating mood on certain financial markets compared with 1998 and investors' circumspect attitudes in the run-up to the Year 2000. In its borrowings, the EIB was particularly active on the markets of the **three main currencies: EUR (41%** compared with 39% in the future euro-11 currencies in 1998) of which over half coming under the EARN facility, **GBP (25%)** and **USD (23%)**, this trio together accounting for almost **90% of all issues**.

The euro's arrival on the scene understandably led to a marked reduction in the number of currencies borrowed by the Bank. Nonetheless, aggregate resources borrowed were garnered in 16 different currencies (22 in 1998) and in 120 operations of which 64 were launched as part of medium-term note or debt issuance programmes and four under the EARN issuance facility (excluding an issue launched as part of the euro debt exchange offer programme). The issues were split between 101 public offerings and 19 private placements.

Resources raised after currency and interest-rate **swaps**, undertaken particularly to satisfy the requirements of the Bank's borrowers, totalled **28 355 million** (30 098 million in 1998).

The **three main currencies - EUR, USD and GBP** - accounted for **97%** of this total. The EUR amounted to 44% whilst the proportion raised in GBP and USD together exceeded half of the total owing to the very attractive conditions which the Bank could then pass on to its borrowers. The percentage raised in **EU currencies** dipped from 1998's level (**69%** as

opposed to 78%), as a result, most noticeably, of the steep increase in the USD's share (up to 28% from 21%).

Significantly more **floating-rate** resources (**21 850 million** as against 14 141 million in 1998) - accounting for 77% overall (47% in 1998) - were raised than **fixed-rate** borrowings (**6 506 million** compared with 15 957 million in 1998). This strong rise amply demonstrates the particularly advantageous arbitrage conditions on the swaps market, particularly appreciated by the Bank's clients, especially in USD, EUR and GBP as well as Swedish kronor (SEK), Greek drachma (GRD) and Czech koruny (CZK).

Since 1995, the Bank's borrowing strategy has been geared towards two specific goals in its issuing operations: **seeking liquidity**, generally by means of benchmark issues, and **cutting resource-raising costs** through opportunistic issues, thereby offering investors a diversified range of products. **22 545 million** was raised through **liquid borrowings** which, via the issue of subsequent new or fungible tranches, made it feasible to establish benchmark issues along the entire length of the yield curve, thereby cementing the Bank's position as a leading AAA-rated international borrower. **Opportunistic borrowings**, which have been growing steadily since their introduction, have now come to account for one fifth of all funds raised (**5 789 million**). Such operations are generally issued in a structured format to meet the needs of target investors. When it comes to this type of issue, the Bank exercises great care in assessing the risks involved.



At 10.1 years, the average maturity of borrowings last year was on a par with the previous year's level of 10.2 years, while individual maturities stretched from 3 to 40 years (as opposed to 3 to 30 years in 1998). In general, long-dated maturities applied in particular to GBP operations (up to 40 years) in both structured and plain vanilla products. Opportunistic borrowings tended to have noticeably longer maturities than in 1998 (14.1 years compared with 8.7 years), characterised by structured borrowings linked, for example, to stock exchange indexes or taking the form of zero coupon issues.

As part of its debt management, the Bank engaged in early redemptions and buy-backs worth in total 1 005 million.

The Bank's recourse to the swap markets remained high (87% of resources raised compared with 62% in 1998). The total volume of swaps before fixed/reverse floaters totalled 24 581 million as against 20 586 million in 1998, with operations numbering 122 as in 1998. This brisk growth in volume was in response to the need to adapt resources to borrowers' requirements in terms of currencies and interest-rate formulae or to convert structured issues into plain vanilla chiefly floating-rate products.

To guard against interest-rate risks, equivalent in volume terms to 16% of resources raised at fixed rate after swaps, operations were basically hedged via fixed/reverse floaters and by drawing on the hedging bond portfolio comprising fixed-rate securities with the same characteristics as those issued by the Bank, resold in line with loan disbursement needs.

Euro strategy

Following introduction of the euro, as the single European currency within the new monetary area, the Bank pressed ahead with and focused its efforts on the financial market in this new currency. On the one hand, it pursued its strategy implemented in recent years and, on the other, it brought to the market its new EARN issuance facility as a complement to government bonds issued by countries participating in EMU.

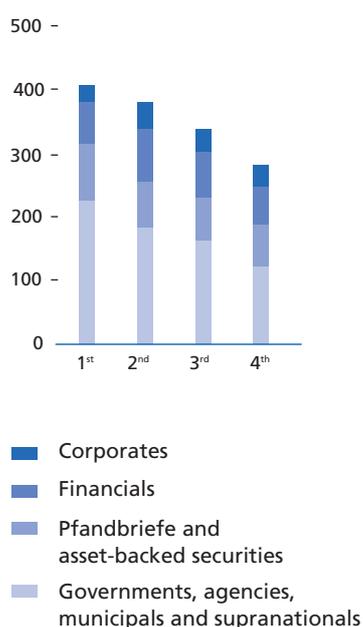
The EARN programme

■ Salient features

This programme, involving a maximum amount of 15 billion, was signed in March and provided for the launch, in each of the three succeeding quarters of 1999, of EARN issues worth at least 2 billion. Three techniques could be used for this facility: syndication, auction or exchange offers. The issues were launched via a group of 10 primary dealers who, on the primary market, were involved in the issues as lead or co-lead managers and who, on the secondary market, acted as market-makers ensuring liquidity in the market and providing bid/offer quotes with a narrower spread whilst fostering development of a repo market. Alongside these 10 primary dealers, there was a group of 21 dealers furthering the actions of the primary group by also operating in the primary market where they could participate in the Bank's issues as well as in the secondary market, with the opportunity of subsequently becoming, depending on actual results, primary dealers.



Quarterly pattern of euro-denominated issuing activity by sector in 1999



Bond markets in euro in 1999

The introduction of the euro was expected to boost the development of European capital markets by reducing fragmentation along national currency lines and deepening the market both in terms of liquidity and credit spectrum. These expectations seem to have been fulfilled in the first year of the euro. According to Capital Data, euro-denominated international bond issues increased by 40% in 1999, while dollar issues expanded by no more than 12%. The global market share of euro-denominated bonds thus rose from 35% in 1998 to 45% in 1999, exceeding the 43% share for dollar-denominated bonds. This rise in market share would have been even greater had it not been for the offsetting effect stemming from the weakening of the euro. Total bond issues in euro (including domestic issues) have been estimated by the European Commission at around EUR 1.4 trillion in 1999.

The development of a wider euro bond market has predominantly been exploited by borrowers based within the euro area, a natural phenomenon as they do not have to bear exchange rate risks when they issue in their own currency. US borrowers accounted for about one tenth of the total amount raised in euro last year. While borrowers of most emerging market regions continued to borrow predominantly in US dollars, the euro made noticeable inroads as the foreign issuing currency of choice for Eastern European borrowers. Since many of these countries have currencies linked in one way or another to the euro, borrowing in euro is an effective way of reducing the exchange rate risk in their debt management.

The increase in issues in 1999 was unevenly distributed across sectors. A notable shift in the structure of the European bond market can be detected, in the direction of a larger corporate bond market.

- **Sovereigns** continued to reduce their bond issues as a result of improved government finances, both in the United States and in Europe. The total volume of euro-denominated issues by governments (mostly euro-area governments) amounted to EUR 621bn in 1999, down by around 10% from the year before. Government issues contributed to reinforcing the traditional seasonal pattern of bond issues in 1999, having front-loaded issues to the first half of the year to establish benchmarks early and to benefit from lower interest rates. The struggle for benchmark status remains partially unresolved. While German Bunds appear to have achieved benchmark status at the 10-year maturity, French government bonds have enjoyed the lowest yields at around 5 to 7-year maturities. The attempt to benefit from a larger and more concentrated bond market in Europe led to an increase in the average issue size in 1999, especially by government issuers.



- **Private issuers** increased their share of total euro-denominated issues in 1999, to just over 50%. To some extent, this reflects the reduced presence of sovereigns, but the introduction of the euro has also made it easier for the private sector to tap the international bond market.

- **Financials**, which have traditionally dominated the non-government bond market, experienced continued strong growth in issues in 1999 and with a 20% market share still dominate the non-government sector.

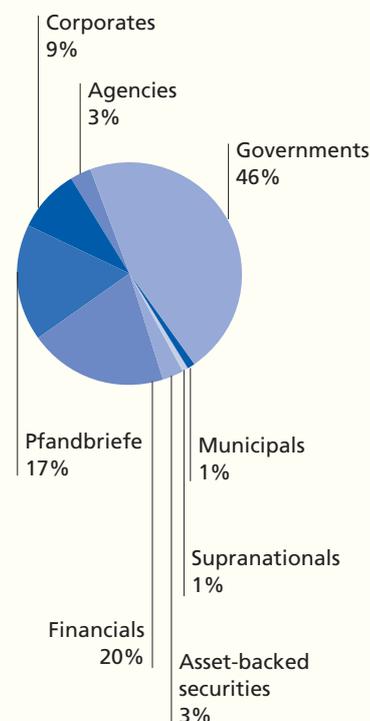
- The **Pfandbrief** bond market segment was relatively stagnant in 1999, but its slower growth rate partially reflects an already strong position in the private bond market, at 17% of all euro-denominated bond issues. The Pfandbrief market has expanded from its traditional Germanic confines as new legislation facilitated the introduction of these bonds in Spain and France as well.

- **Corporate borrowing** in the bond market has benefited the most from introduction of a common currency. International bond issues by corporates and utilities more than tripled, from EUR 44bn in 1998 to EUR 135bn in 1999, according to Capital Data Bondware. Some of this robust expansion is probably related to the high volume of Merger & Acquisition activity, that is itself a result of the closer economic integration brought about by the euro and of the new financing opportunities offered by the much larger financial market in euro.

The structural changes in the bond market in euro can be looked at from a slightly different angle: credit quality. For many years, the bond market in the currencies that have been replaced by the euro was the preserve of government and excellent credit quality borrowers. In its first year the bond market in euro has seen a downward shift of the rating scale of new issues. The share of AAA bond issues has fallen, while the share of other investment grade rating has increased sharply, especially in the lower credit quality classes. Another noticeable development is that the share of bond issues not carrying a formal credit rating from the main rating agencies has dwindled considerably in the increasingly anonymous and larger European bond market.

Most of the above developments result from the changing demands of investors. A large fraction of bond issues was usually purchased by retail investors. Throughout the 1990s, investment has tended to concentrate in the hands of professional asset managers, who are much less likely to keep their investment for extended investment periods. They tend to be more interested in the continuous liquidity of their investment. The arrival of the euro has reinforced these structural features. The average size of individual bond issues in the euro-denominated bond market doubled in 1999 compared with previous years, and the distribution of issue size in euro has converged, in less than a year, to that of the US dollar market.

Sectoral shares of total euro-denominated bond issues in 1999





■ Implementing the EARN programme

Benchmark issues launched by the Bank in 1999 totalled 10 billion, in either EARN notes (7 billion) for a minimum of 2 billion or operations for smaller amounts aimed at increasing the volume of existing EARN issues. A new 2 billion issue with a maturity of 2006 was launched and existing EARN benchmark issues were re-opened. By end-1999, a complete yield curve had been established for the EIB's benchmarks with seven issues having maturities running from 2003 to 2009, for a total outstanding of 24 billion.

Implementation of the programme has meant that yields on issues compare favourably, both with those obtainable on government bonds issued by EU Member States participating in EMU apart from those issues regarded as benchmarks (bonds issued by the French or German governments) and with those issued by other European agencies.

■ Euro debt exchange offer programme

Continuing in the same vein as in 1998, the Bank offered holders of its bonds denominated in DEM, FRF, ITL and EUR the possibility of swapping their securities for new EARN issues. This second debt exchange offer programme, undertaken via an Internet site, served to increase the total amount outstanding on the 2005 and 2009 EARNs by 423 million and 538 million respectively.

Amounts outstanding on EARN issues as at 31 December 1999

Coupon (%)	Maturity	Amount (EUR million)
4.500	15.02.2003	3 160
5.250	15.04.2004	4 619
3.875	15.04.2005	2 000
4.875	15.04.2006	2 000
5.750	15.02.2007	2 578
5.000	15.04.2008	5 082
4.000	15.04.2009	4 538
		23 977

Reducing borrowing costs by seeking out market opportunities

In addition to the EARN issuance facility aimed at ensuring euro liquidity in its treasury, the Bank also mounted a number of primarily structured operations, enabling it to lower the overall cost of raising resources in euro. These operations, totalling a sizeable amount (2.1 billion), were mostly targeted at retail customers looking for potentially higher yields from their investments and prepared to take on a degree of risk. Assuming a variety of forms (linked to stock exchange indexes, step-down/one coupon, ...), these issues called for increased vigilance on the part of the Bank in assessing the associated risks.



Redenominating existing debt

The redenomination process, embarked upon in 1998, was continued in 1999. The amount of debt redenominated into euro by end-1999 totalled 32 billion or 61% of total outstanding borrowings in EMU currencies (53 billion in all). Euro-tributary issues were redenominated by creating three fungible tranches with maturities of 15 February, 15 April and 15 July for a total of 10.9 billion. Bonds denominated in DEM and IEP as well as domestic market issues in ITL and FRF totalling 10.1 billion were also redenominated. Issues denominated in ECU totalling 11 billion were converted into euro.

Major and highly liquid financial markets

Even more than in 1998, issues in GBP and USD accounted for a very considerable share of the resources raised by the Bank: together with the euro, these currencies constituted over 90% of total borrowings before swaps and 97% after swaps.

GBP 4 617 million before and after swaps (EUR 6 974 million)

Borrowings in GBP amounted to 25% of the overall total raised by the Bank, which confirmed the EIB as a benchmark AAA-rated borrower on the sterling market. As in the past, the Bank's strategy was geared towards increasing existing fungible issues or creating new tranches for mid-dated (2003 to 2009) and, in particular, long-dated maturities (2021 and 2028) which can be regarded as Gilt substitutes. The Bank's strategy was also

directed towards diversifying its product offering through structured operations (a borrowing redeemable in variable annual instalments in line with developments on the swaps market) or diversifying its investor base with a placement in Japan.

USD 7 098 million before swaps (EUR 6 447 million)

USD 8 571 million after swaps (EUR 7 825 million)

The USD come third in the list of currencies borrowed by the Bank last year on capital markets (23%). Given a volatile and uncertain market on which favourable periods were few and far between, the EIB continued its strategy of establishing benchmark issues the length of the yield curve with maturities of 3, 5 and 10 years, either by issuing new paper or by augmenting existing tranches. This policy resulted in total borrowings outstanding on this market rising to USD 5.9 billion, an appreciably larger sum than that for other leading international borrowers.

Alongside benchmark issuance, operations for smaller amounts - basically structured issues - were launched to meet retail demand in Europe and Japan.



Borrowings signed in 1999

(EUR million)

	Before swaps		Swaps amount	After swaps	
	Amount	%		Amount	%
MEDIUM AND LONG-TERM OPERATIONS					
1. Resources raised					
<i>European Union</i>	18 909	66.7	749	19 658	69.3
EUR	11 646	41.1	776	12 422	43.8
DKK			186	186	0.7
GBP	6 974	24.6	0	6 974	24.6
GRD	289	1.0	- 274	15	0.1
SEK			60	60	0.2
Total Pre-In	7 263	25.6		7 236	25.5
<i>Non-European Union</i>	9 425	33.3	- 727	8 697	30.7
AUD	244	0.9	- 244		
CAD	14	0.0	- 14		
CHF	622	2.2	0	622	2.2
CZK	85	0.3	0	85	0.3
HKD	514	1.8	- 514		
HUF	49	0.2	0	49	0.2
JPY	753	2.7	- 753		
NOK	190	0.7	- 190		
NZD	45	0.2	- 45		
SKK	66	0.2	- 66		
TWD	179	0.6	- 179		
USD	6 447	22.8	1 378	7 825	27.6
ZAR	217	0.8	- 101	116	0.4
TOTAL	28 334	100.0	22	28 355	100.0
- of which fixed rate	27 046	95.5	- 20 540	6 506	22.9
- of which floating rate	1 288	4.5	20 562	21 850	77.1
2. Euro Debt Exchange Offer Programme					
EUR	961			961	
GRAND TOTAL	29 295			29 317	

Developing the markets in candidate countries and seeking to diversify other markets

* Financial markets of Central and Eastern European Countries

On these markets, the Bank's operations were chiefly aimed at Hungary and the Czech Republic. The debt issuance programme in CZK was signed in February 1999 and inaugurated by a 3 billion 10-year bond. This was the longest-dated paper ever issued on the Czech capital market. Two fixed-rate fungible issues denominated in Hungarian forint (HUF) - also part of a debt issuance programme - were launched, thereby constituting the first non-government fungible bond of this type issued on the Hungarian market. On the international market, maiden issues were floated in Slovak koruny (SKK).

* EIB presence on other markets

As in the past, the Bank continued its issuance activity on various markets offering it favourable conditions. In *non-EMU* European currencies, apart from GBP, its activities centred on the GRD, CHF and Norwegian krone (NOK) markets. On *Asian markets*, which were reopened following the financial crisis that swept through them in the second quarter of 1998, seven operations were contracted in Hong Kong dollars (HKD) and a second issue undertaken in Taiwanese dollars (TWD). With respect to *Commonwealth* currencies, the bulk of the Bank's operations focused on the South African rand (ZAR) and the Australian dollar (AUD). Twelve issues were undertaken in ZAR

so that this currency could be disbursed to borrowers in back-to-back operations. The Bank returned to the Australian market after an absence of seven years, signing a debt issuance programme and launching an inaugural issue under this.

Borrowings signed (before swaps) under medium-term note or debt issuance programmes

(amounts in million)				
	Number of operations	Currency	EUR	
Total EU	12			1 828
<i>Euro</i>	4	<i>EUR</i>	569	569
	2	GBP	635	970
	6	GRD	95 000	289
<i>Pre-In</i>	8			1 259
Total non-EU	52			6 882
	1	AUD	400	244
	1	CAD	25	14
	1	CZK	3 000	85
	7	HKD	4 250	514
	2	HUF	12 500	49
	2	JPY	85 930	753
	3	NOK	1 600	190
	1	NZD	100	45
	2	SKK	3 000	66
	20	USD	5 098	4 705
	12	ZAR	1 420	217
Grand total	64			8 709

Capital market developments in 1999

With the rebound of the world economy, the interest cycle bottomed out in early 1999. Inflation in Europe and – in particular – in the United States declined sharply as a result of the deflationary wave that followed in the wake of the Asian crisis. This played a key part in maintained growth in Europe and the United States. Net exports became a drag on growth, but disinflation allowed aggressive monetary easing in the United States and Europe, which supported domestic demand. In the United States in particular, the Asian crisis may even have prolonged the economic expansion by preventing an earlier monetary tightening to curb inflationary pressures. But the rebound in US headline CPI inflation in 1999 also illustrates the temporary nature of the relief provided by the Asian crisis. By mid-1999 most of these effects had disappeared, with inflation rapidly returning towards its recent historical average of around 3%, partly on the back of rising oil prices. Once imported deflation faded, domestic inflationary pressures came back to the fore, with a fully employed economy showing little sign of slowing from its above-trend 4% growth rate. In Europe, inflationary pressures have remained much more subdued as a result of lower growth in domestic demand and a larger output gap.

Bond yields quickly adjusted to the normalisation of economic conditions in the United States and Europe. In the United States, the 10-year government bond yield bottomed out at around 4.6% in January 1999, before rising to just over 6% towards the end of the year. European yields also rebounded, despite slower growth, from a February-1999 trough of 3.6% to around 5.2% in December. The US and (in particular) German rebounds reflect a normalisation to pre-crisis levels and do not suggest a notable rise in underlying inflation expectations. This is also confirmed by the inflation expectations embedded in inflation-linked government bonds.

Short-term interest rates have returned to pre-crisis levels for the same reasons. The difference between the United States and Europe is more pronounced here, however, since the US is expected to be only in the early phase of a continued and possibly aggressive tightening cycle to reduce domestic demand growth and thus curb a further rise of inflation. The US three-month euro rate rose by 120 basis points between February and December, to around 6.1%. German short rates rose by a more moderate 90 basis points, to a still very low 3.4%. A noteworthy aspect of the wide US-German

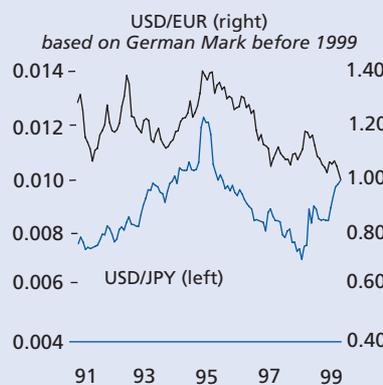
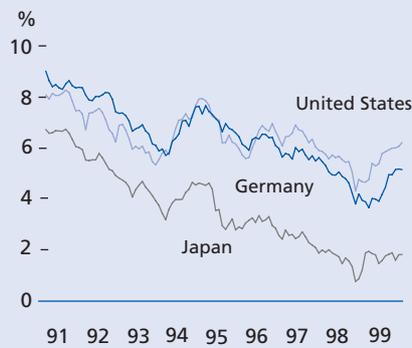
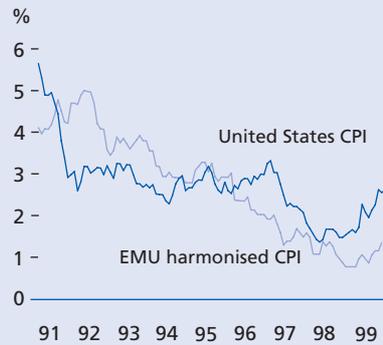




spread (270 basis points in December) is its stability over the past four years, reflecting the sustained growth differential between the two countries.

In foreign exchange markets, the most notable development in 1999 was how the previous strong correlation between the Japanese and European exchange rates against the dollar came to an end. Until mid-1998, exchange rate movements were driven primarily by the steady rise of the dollar. European currencies and the yen thus trended down in tandem. Over the past year, by comparison, the euro depreciated while the Japanese yen staged a remarkable recovery.

While the depreciation of the euro against the dollar in 1999 has attracted a lot of attention, a look over a longer period indicates that the euro's slide in 1999 is essentially a continuation of a trend that began in 1995. In this longer time frame, it is not the euro's weakness in recent months that stands out as an aberration, but its brief appreciation in late 1998. Most estimates of the equilibrium exchange rate of the euro suggest that it should eventually rise to around 1.20 against the dollar, which was its average in the first half of the 1990s.



CPI inflation in the United States and the euro area

10-year government bond yields

Short-term interest rates

Yen and euro: sharp divergence since second half of 1998



Liquidity management

Gross liquid funds, at 31 December 1999, totalled some **16 billion**, i.e. 14 billion net of short-term commitments; these funds were held in 17 currencies, including the euro. The euro accounted for 66% and European Union currencies in all for 73% of aggregate liquid funds. The level of the Bank's overall liquidity must fall within 25% and 40% of annual net cash flows. The breakdown of liquid funds was as follows:

The operational money market portfolio of 12.2 billion (9.9 billion net of short-term commitments) constituted the bulk of liquid funds.

This portfolio consists primarily of borrowing proceeds and surplus cash flow. Its chief purpose is to cover the Bank's day-to-day liquidity needs. These holdings must be sufficient to meet the Bank's future loan disbursements.

By definition, the operational money market portfolio comprises liquid instruments with short-dated maturities. At end-1999, the bulk of this portfolio was placed in first-class products and marketable short-term instruments.

The operational hedging bond portfolio to cover interest-rate risks (**1.3 billion**) is intended to hedge, through bond purchases, all or part of certain new EIB fixed-rate bond issues. This portfolio enables the Bank to

hold in its treasury the proceeds of issues launched, irrespective of disbursement needs.

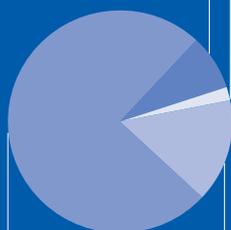
The purpose of **the operational bond portfolio (managed externally)** is to supply an extra line of liquidity in the form of instruments likely to offer higher returns than those obtainable from placements on the money market. This portfolio amounted to **0.3 billion**.

The investment bond portfolio represents the second line of liquidity (2.5 billion), comprising bonds issued by EU Member States and other first-class public institutions. Over 99% of the total volume of securities held in the portfolio are rated AA1 or issued by EU Member States.

Liquidity management

operational bond portfolio (managed externally) 2%

operational hedging bond portfolio 8%



investment bond portfolio 15%

operational money market portfolio 75%

Liquidity management results

Overall, money market interest rates eased down on average in 1999, compared with average levels in 1998, although the fourth quarter did see a rebound in both bond and money market rates.

Liquidity management operations generated net income of 496 million in 1999, corresponding to an overall book return of 3.76%.

The *operational money market portfolio* yielded 327 million in net income on average holdings of 8.5 billion, i.e. a return of 3.85% against a background of a decline in average short-term interest rates compared with 1998.

Placements made under the *operational bond portfolio (managed externally)*, wholly denominated in euro, generated net income of 8 million on average annualised holdings of 312 million, corresponding to a net yield after commission of 2.73%.

The *investment bond portfolio* yielded total income of 155 million (including gains of 10 million on disposals of securities) on average holdings of 2.5 billion. Its overall return worked out at 6.18% in 1999 (5.78% excluding gains on disposals of securities) as opposed to 7.90% in 1998. The decline in the return, if the gain on disposals of securities is disregarded, can be explained by reinvestment of securities upon maturity in longer-dated paper and at lower nominal interest rates. The average duration of the portfolio was 5.2 years at 31 December 1999 compared with 1.9 years at 31 December 1998. The duration

was brought into line with the target for the duration of the Bank's own funds of between 5 and 6 years. Lastly, the market value of this portfolio at 31 December 1999 stood at 2 491 million, as against a portfolio entry price of 2 449 million.

(Situation as at 31 December 1999, EUR million)

	1999	1998
Total liquidity net of commitments		
Total income	496	595
Average holdings	13 209	13 046
Average return	3.76%	4.56%
<i>of which operational money market portfolio net of commitments</i>		
Total income	327	365
Average holdings	8 497	6 766
Average return	3.85%	5.40%
<i>of which operational bond portfolio (managed externally)</i>		
Total income	8	8
Average holdings	312	174
Average return	2.73%	4.24%
<i>of which investment bond portfolio</i>		
Total income	155	196
Average holdings	2 512	2 479
Average return	6.18%	7.90%

21 October 1999

Opening of the Forum:

Sir Brian Unwin, President of the EIB and Chairman of its Board of Directors

"The euro area's challenge: a new dynamic development"

Chairperson:

Wolfgang Roth,
EIB Vice-President

Speakers:

- **Giuliano Amato**, Minister for the Treasury, Budgetary Affairs and Economic Planning; EIB Governor for Italy
- **Felix G. Rohatyn**, US Ambassador to France, former Managing Director of Lazard Frères and Company, New York
- **Jean-Pierre Tiroufflet**, Chairman and Chief Executive Officer, Rhodia (France)
- **Richard Summers**, Director Continental Europe, 3i Group plc (United Kingdom)
- **Jean-Jacques Laffont**, Professor of Economics, University of Toulouse (France) and former President of the European Economic Association

Forum dinner with guest speaker **Pedro Solbes Mira**, Member of the European Commission responsible for Economic and Monetary Affairs

EIB Forum - Euro markets: changes ahead

Some 400 experts from banking, industrial and political circles, international organisations, academic institutions and the news media attended the EIB's fifth annual Forum, held in Paris on 21 - 22 October to discuss prospects for the new euro markets. Still a very young phenomenon at the time of the Forum, the theme was chosen to highlight the new currency's importance for the success of Economic and Monetary Union.

The Forum's first session explored the macro-economic context, including the impact of monetary union on growth and employment, an issue that echoed the 1998 EIB Forum on the relationship between investment and employment. The first session also considered the potential impact of ongoing financial restructuring on Europe's global competitiveness. Presentations and discussions on the Forum's second day focused on the need for restructuring of banks and new developments in the role of capital markets.

In general, speakers tended to highlight the euro's strong points, although qualifying their observations with the rider "not good enough - could do better", and pointed out that the euro's introduction could not take all the credit for the revival of economic growth in Europe. In the corporate sector, the new unified euro market was seen as giving a particular boost to the process of restructuring and mergers. Some speakers noted a trend for mergers and acquisitions to become increasingly cross-border initiatives, giving rise to large European groupings capable of holding their own against international competition. On capital markets, the euro had brought exceptional growth in euro-denominated bonds, especially those issued by large European corporates funding ambitious development strategies.

However, speakers also observed that Europe still had to establish a single financial market comparable in size to that of the United States. Too many fiscal and regulatory

*Sir Brian Unwin
opening the EIB Forum
in Paris*





barriers still needed to be dismantled in Europe, before European corporate enterprises could benefit from the kind of fiscal and social level playing fields that existed in the US. At the same time, size in terms of national grouping or cross-border mergers in the banking sector was no guarantee of profitability. Mergers with a trans-European dimension were only appropriate if anchored in highly specialised areas, with a strong international bias. It was also underlined that although a suitable macro-economic and monetary framework had been put in place, the requisite matching structural reforms had still to be adopted.

Guest speakers were the European Commissioner for Economic and Monetary Affairs, Pedro Solbes, and Dominique Strauss-Kahn, then French Minister for Economic, Financial and Industrial Affairs and EIB Governor for France. Both took an optimistic view of the euro's future. Dominique Strauss-Kahn highlighted in particular the euro's stabilising influence, which had mitigated the damaging effects of the 1998 and early-1999 international financial crisis. The euro had also given the European Union a new impetus towards full employment. To sustain this development, the Member States had to continue reducing public expenditure, inflation and interest rates in line with the Maastricht Treaty criteria. Given a favourable economic climate, Mr Strauss-Kahn was confident that the EU Member States would meet the Treaty's public expenditure criteria.

Commissioner Pedro Solbes forecast that Europe would enjoy a lasting period of sustainable economic expansion and with it the creation of employment. He also underlined that the Member States would have to continue to accept the constraints of the Growth and Stability Pact. He strongly favoured the entry of the four "Pre-In" Member States into the euro area. However, monetary union would not end with just the 15 Member States, as the candidate countries were also committed to entering EMU and adopting the euro. This would be a gradual progressive process, not automatic with their accession to the European Union. Following accession, a transitional period would probably be required before the new members would be able to meet the Treaty conditions.

Closing the Forum, EIB Vice-President Francis Mayer emphasised that the euro was not an end in itself. While it was already proving to be a considerable financial and technical success, it needed to build on this achievement by bringing stability and peace to the peoples of the European Union and its neighbours to the east and south. This would be the yardstick over the medium term with which to measure the genuine success of the euro.

22 October 1999

"Changes in the euro area's financial sector"

Introduction by Alfred Steinherr,
Chief Economist, EIB

Sub-session 1:

"The restructuring of banks"

Chairperson:

Massimo Ponzellini,
EIB Vice-President

Speakers:

- **Marc Antoine Autheman,**
Chairman of the Board of Management, Crédit Agricole Indosuez (France)
- **Artur Santos Silva,** President,
Banco Português de Investimento (Portugal)
- **Maurizio Sella,** Chairman of the Italian Banking Association;
Managing Director and General Manager, Banca Sella S.p.A. (Italy)

Sub-session 2:

"A greater role for capital markets?"

Chairperson:

Ewald Nowotny,
EIB Vice-President

Speakers:

- **Gerd Häusler,** Member of the Board of Managing Directors, Dresdner Bank AG (Germany)
- **Fernando Abril Hernández,**
Chairman of Directories Unit and Member of the Management Committee, Telefónica Group (Spain)
- **Rodolfo Boggi,** Member of the Group Executive Board, UBS AG (Switzerland)

Guest speaker:

Dominique Strauss-Kahn, Minister for Economic, Financial and Industrial Affairs; EIB Governor for France

Closing speech:

Francis Mayer,
EIB Vice-President

The European Union's financing institution



Decision-making bodies, administration and staff

Board of Governors

The Board of Governors consists of Ministers designated by each of the Member States, usually Finance Ministers. They represent the Member States as shareholders in the Bank.

The Board of Governors lays down general directives on credit policy, approves the balance sheet, profit and loss account and annual report, decides on capital increases and appoints members of the Board of Directors, the Management Committee and the Audit Committee.

Mr Erik ÅSBRINK, EIB Governor for Sweden, held the office of Chairman of the Board of Governors until April 1999. Mr Bosse RINGHOLM, also Governor for Sweden, then took over as Chairman until the Annual

Meeting of the Board of Governors in June 1999. In accordance with the system of annual rotation, he was succeeded by Mr Gordon BROWN, Governor for the United Kingdom.

Board of Directors

The Board of Directors ensures that the Bank is managed in keeping with the provisions of the Treaty and the Statute and with the general directives laid down by the Governors. It has sole power to take decisions in respect of loans, guarantees and borrowings. Its members are appointed by the Governors for a (renewable) period of five years following nomination by the Member States and are responsible solely to the Bank. Pursuant to amended Article 11 (2) of the Statute, the Board of Directors consists of 25 Directors and 13 Alternates, of whom 24 and 12 respectively are nominated by the Member States; one Director and one Alternate are nominated by the European Commission.

Since publication of the annual report for 1998, Messrs José GASSET LORING, Lorenzo BINI SMAGHI, Ivan ROGERS, Iñigo FERNÁNDEZ DE MESA and Ms Stéphane PALLEZ have taken over as Directors from Messrs Fernando BECKER ZUAZUA, Vittorio GRILLI, Paul McINTYRE, Pedro Antonio MERINO GARCÍA and Francis MAYER respec-

tively. Messrs Léon HERRERA SANTA MARÍA, Eneko LANDÁBURU ILLARRAMENDI and Xavier MUSCA have been succeeded as Alternates by Messrs ..., Guy CRAUSER and Bruno DELETRÉ respectively. The Board of Directors wishes to thank all outgoing members for their contributions towards its work.

Board of Governors

Chairman

Gordon BROWN (United Kingdom)
Bosse RINGHOLM, *until June 1999* (Sweden)
Erik ÅSBRINK, *until April 1999* (Sweden)

Belgium	Didier REYNDERS, Ministre des Finances Jean-Jacques VISEUR, Ministre des Finances, <i>until July 1999</i>
Denmark	Marianne JELVED, økonomiminister og minister for nordisk samarbejde, vicesstatsminister Mogens LYKKETOFT, finansminister, <i>until February 2000</i>
Germany	Hans EICHEL, Bundesminister der Finanzen Oskar LAFONTAINE, Bundesminister der Finanzen, <i>until March 1999</i>
Greece	Yannos PAPANTONIOU, Minister for National Economy and Finance
Spain	Rodrigo DE RATO Y FIGAREDO, Vicepresidente del Gobierno y Ministro de Economía y Hacienda
France	Laurent FABIUS, Ministre de l'Économie, des Finances et de l'Industrie Christian SAUTTER, Ministre de l'Économie, des Finances et de l'Industrie, <i>until March 2000</i> Dominique STRAUSS-KAHN, Ministre de l'Économie, des Finances et de l'Industrie, <i>until November 1999</i>
Ireland	Charles McCREEVY, Minister for Finance
Italy	Vincenzo VISCO, Ministro del Tesoro, del Bilancio e della Programmazione Economica Giuliano AMATO, Ministro del Tesoro, del Bilancio e della Programmazione Economica, <i>until April 2000</i> Carlo Azeglio CIAMPI, Ministro del Tesoro, del Bilancio e della Programmazione Economica, <i>until May 1999</i>
Luxembourg	Jean-Claude JUNCKER, Premier Ministre, Ministre des Finances
Netherlands	Gerrit ZALM, Minister van Financiën
Austria	Karl-Heinz GASSER, Bundesminister für Finanzen Rudolph EDLINGER, Bundesminister für Finanzen, <i>until February 2000</i>
Portugal	Joaquim PINA MOURA, Ministro das Finanças António SOUSA FRANCO, Ministro das Finanças, <i>until October 1999</i>
Finland	Suvi-Anne SIIMES, Ministeri, Valtiovarainministeriö Jouko SKINNARI, Ministeri, Valtiovarainministeriö, <i>until April 1999</i>
Sweden	Bosse RINGHOLM, Finansminister Erik ÅSBRINK, Finansminister, <i>until April 1999</i>
United Kingdom	Gordon BROWN, Chancellor of the Exchequer

Audit Committee

Chairman

Jrjö TUOKKO, Managing Director, Tuokko Deloitte & Touche Oy, Helsinki

Members

Michael J. SOMERS, Chief Executive, National Treasury Management Agency, Dublin
Albert HANSEN, Chef de Cabinet du Grand-Duc héritier, Luxembourg

Observer

Emídio MARIA, Subinspector-Geral de Finanças, Inspeção-Geral de Finanças, Lisbon

Situation at 1 May 2000



Board of Directors

Chairman:
Philippe MAYSTADT

Vice-Chairmen:
Wolfgang ROTH
Panagiotis-Loukas GENNIMATAS
Massimo PONZELLINI
Luis MARTÍ
Rudolf de KORTE
Ewald NOWOTNY
Francis MAYER
Peter SEDGWICK

Directors:

Jean-Pierre ARNOLDI	Administrateur général de la Trésorerie, Ministère des Finances, Brussels
Lorenzo BINI SMAGHI	Dirigente Generale, Capo della Direzione III, Dipartimento del Tesoro, Ministero del Tesoro, Rome
Sinbad J.D. COLERIDGE	Project Finance Director, Private Financial Holdings Limited, EFG Private Bank, London
Isabel CORREIA BARATA	Consultora da Direcção, Departamento de Relações Internacionais, Banco de Portugal, Lisbon
Wedige Hanns von DEWITZ	Ministerialdirektor, Leiter der Abteilung Aussenwirtschafts- und Europapolitik, Bundesministerium für Wirtschaft und Technologie, Berlin
Tony FAINT	Director (International), Department for International Development, London
Iñigo FERNÁNDEZ DE MESA	Subdirector General de Coordinación de Organismos Monetarios Internacionales, Ministerio de Economía y Hacienda, Madrid
José GASSET LORING	Presidente del Instituto de Crédito Oficial, Madrid
Inga-Maria GRÖHN	Finanssineuvos, Valtiovarainministeriö, Helsinki
Rainer MASERA	Amministratore Delegato e Direttore Generale, San Paolo IMI, Rome
Constantinos MASSOURAS	Director for Financial and Fiscal Policy Affairs, Ministry for National Economy, Athens
Sven-Olof JOHANSSON	Finansråd, Internationella avdelningen, Finansdepartementet, Stockholm
Noel Thomas O’GORMAN	Second Secretary, Finance Division, Department of Finance, Dublin
Stéphane PALLEZ	Service des Affaires Européennes et internationales, Direction du Trésor, Ministère de l’Économie, des Finances et de l’Industrie, Paris
Vincenzo PONTOLILLO	Direttore Centrale, Banca d’Italia, Rome
Antoine POUILLIEUTE	Directeur général, Groupe Agence Française de Développement, Paris
Giovanni RAVASIO	Director-General for Economic and Financial Affairs, European Commission, Brussels
Gaston REINESCH	Directeur général, Ministère des Finances, Luxembourg
Emmanuel RODOCANACHI	Chargé de mission, Direction du Personnel et de la Modernisation administrative, Ministère de l’Économie, des Finances et de l’Industrie, Paris
Ivan ROGERS	Deputy Director for Europe and International Finance Directorate, HM Treasury, London
Gerd SAUPE	Ministerialdirigent, Bundesministerium der Finanzen, Berlin
Lars TYBJERG	Direktør, finansstyrelsen, Copenhagen
Gert VOGT	Sprecher a.d. des Vorstands der Kreditanstalt für Wiederaufbau, Frankfurt
Jos de VRIES	Plaatsvervangend Directeur Financiële Betrekkingen, Ministerie van Financiën, The Hague
Thomas WIESER	Sektionschef, Leiter der Integrations- und Zollsektion, Bundesministerium für Finanzen, Vienna

Alternates:

Gino ALZETTA	Directeur, Trésorerie, Ministère des Finances, Brussels
Gerhard BOEHMER	Ministerialdirigent, Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung, Bonn
Guy CRAUSER	Director-General for Regional Policy, European Commission, Brussels
Bruno DELETRÉ	Sous-Directeur Europe et Affaires monétaires internationales, Direction du Trésor, Ministère de l’Économie, des Finances et de l’Industrie, Paris
Nunzio GUGLIELMINO	Dirigente Generale, Capo della Direzione VI, Dipartimento del Tesoro, Ministero del Tesoro, Rome
Giuseppe MARESCA	Dirigente Superiore, Direzione Generale del Tesoro, Ministero del Tesoro, Rome
Annette MOE	Specialkonsulent, finansstyrelsen, Copenhagen
John Francis NUGÉE	Chief Manager, Reserves Management, Bank of England, London
Kaarina RAUTALA	Hallitusneuvos, Valtiovarainministeriö, Helsinki
Pierre RICHARD	Président-Directeur général du Crédit Local de France-DEXIA, Paris
Philip RUTNAM	Head of Enterprise Team, HM Treasury, London
Konrad SOMMER	Ministerialrat Referat E A3, Bundesministerium der Finanzen, Berlin
...	...

Situation at 1 May 2000



Management Committee

The Management Committee is the Bank's full-time collegiate executive body; under the authority of the President and the supervision of the Board of Directors, it oversees day-to-day business at the EIB. All major decisions are taken collectively; the lead responsibility for supervising the different activities of the Bank is currently divided amongst its members as shown overleaf. The Management Committee recommends decisions to Directors and ensures that these are implemented. The President, or, in his absence, one of the Vice-Presidents, chairs the meetings of the Board of Directors. The members of the Management Committee are responsible solely to the Bank; they are appointed by the Board of Governors, on a proposal from the Board of Directors, for a period of six years.

On 22 December 1999, the Board of Governors decided temporarily to increase from seven to eight the number of Vice-Presidents on the Management Committee for the period from 1 January to 30 June 2000 in order to cater for the exceptional situation resulting from appointments already approved by the Governors.

The Governors appointed Mr Philippe Maystadt as President of the European Investment Bank with effect from 1 January 2000. As Belgium's Finance Minister, Mr Maystadt served as Governor of the EIB between June 1988 and June 1998. He succeeded Sir Brian UNWIN, who had held the post of President since 1 April 1993.

The Governors also appointed as Vice-Presidents: from 1 September 1999, Mr Ewald NOWOTNY, a Member of the Austrian Parliament and Chairman of the Parliament's Finance and Banking Committee; from 1 October 1999, Mr Francis MAYER, Head of the

European and International Affairs Department at the French Treasury; and, from 1 January 2000, Mr Peter SEDGWICK, Deputy Director in the Public Spending Directorate at HM Treasury, United Kingdom. They succeeded Mr Claes de NEERGAARD, Vice-President since 1 September 1995, Ms Ariane OBOLENSKY, Vice-President since 1 July 1994, and Sir Brian UNWIN, President, respectively.

The Board of Governors and the Board of Directors expressed their appreciation and gratitude to Sir Brian UNWIN, outgoing President, and to Ms Ariane OBOLENSKY and Mr Claes de NEERGAARD, outgoing Vice-Presidents.

The Governors conferred the titles of Honorary President on Sir Brian UNWIN and of Honorary Vice-President on Ms Ariane OBOLENSKY and Mr Claes de NEERGAARD in recognition of their distinguished service.



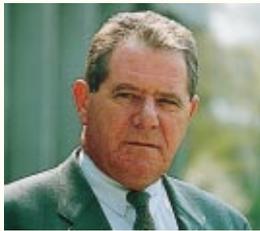
The College of the Management Committee Members and their supervisory responsibilities

Massimo PONZELLINI
Vice-President



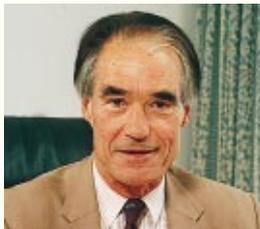
- Financing operations in Italy and relations with Switzerland
- Credit risk and loan portfolio monitoring
- Accountancy and control of financial risks
- Relations with EIF
- Policies in support of SMEs

Wolfgang ROTH
Vice-President



- Financing operations in Germany and in Central and Eastern Europe
- Information and communications policy
- Vice-Governor of EBRD

Rudolf de KORTE
Vice-President



- Financing operations in Belgium, Luxembourg and the Netherlands, in Asia and in South Africa
- Legal affairs and relations with Court of Justice
- Environmental policy issues
- Liaison with AsDB

Philippe MAYSTADT
President of the Bank and
Chairman of its Board of Directors



- Relations with European Parliament
- Accounting policies
- Human resources
- Budget
- Chairman of EIF Supervisory Board
- Governor of EBRD

Francis MAYER
Vice-President



- Financing operations in France and in Maghreb and Mashreq countries, Israel, Gaza and West Bank
- Financial policies
- Capital markets
- Treasury

Panagiotis-Loukas GENNIMATAS
Vice-President



- Financing operations in Denmark, Greece, Ireland, Albania, Cyprus, Malta, Turkey and countries of former Yugoslavia
- Project evaluation
- Regional development policy, Cohesion Fund

Peter SEDGWICK
Vice-President



- Financing operations in United Kingdom
- Openness and transparency
- Relations with NGOs

Luis MARTÍ
Vice-President



- Financing operations in Spain and Portugal and in Latin America
- Information technology
- External and internal audit
- Liaison with IADB

Ewald NOWOTNY
Vice-President



- Financing operations in Austria, Sweden, Finland, Iceland and Norway and in ACP States
- Economic and financial studies
- Trans-European Networks
- Ex post evaluation
- Enlargement (institutional aspects)
- Liaison with NIB and AfDB

Organisation Chart

(Situation at 15 April 2000)

General Secretariat

Francis CARPENTER
Secretary General



Corporate Affairs

Rémy JACOB
Director

Secretariat
Hugo WOESTMANN
Planning, Budget and Control
Theoharry GRAMMATIKOS
Translation
Georg AIGNER
Purchasing and Administrative Services
Manfredo PAULUCCI DE CALBOLI
Coordination
Evelyne POURTEAU

Common Services and Facilities Management
Adriaan ZILVOLD
Director

Agustín AURÍA

Representative Office in Brussels

Andreas VERYKIOS
Director

Autonomous Departments

Human Resources

Gerlando GENUARDI
Director
Personnel Administration
Zacharias ZACHARIADIS
Personnel Policy
Margareta HÖLCKE
Recruitment
Jörg-Alexander UEBBING

Information Technology

Dominique de CRAYENCOUR
Director
Software Projects
Alexander ANDÒ
Services
Andrew ALLEN
Ernest FOUSSE

Audit Recommendations Enactment
Helmut KUHRT

Directorate for Lending Operations in the European Union

Michel DELEAU
Director General



Italy (Rome)

Thomas HACKETT
Director

Infrastructure
.....
Energy
Michael O'HALLORAN
Industry and Banks
Jean-Christophe CHALINE

Belgium, France, Luxembourg, Netherlands

Alain BELLAVOINE
Director

France - Infrastructure
Jacques DIOT
France - Enterprises
Constantin SYNADINO
Belgium, Luxembourg, Netherlands
Ferdinand SASSEN

Germany, Austria

Emanuel MARAVIC
Director

Berlin Office
Franz-Josef VETTER
Germany (Northern Länder)
Laurent DE MAURTORT
Germany (Southern Länder), Austria
Joachim LINK

Spain, Portugal

Armin ROSE
Director

Spain - Public Sector
Francisco DOMÍNGUEZ
Spain - Private Sector
Fernando DE LA FUENTE
Madrid Office
José Miguel ZUDAIRE
Portugal
Filipe CARTAXO
Lisbon Office
David COKER

Ireland, United Kingdom, North Sea

Thomas BARRETT
Director

Banking, Industry and Securitisation
Bruno LAGO
Utilities
Tilman SEIBERT
Structured Finance and PPPs
...
London Office
Guy BAIRD

Greece, Finland, Denmark, Sweden

Antonio PUGLIESE
Director

Greece, Finland
Christopher KNOWLES
Athens Office
Arghyro ELEFThERIADOU
Denmark, Sweden
Paul DONNERUP

Coordination

Jos VAN KAAM
Director

Coordination
Guy CLAUSSÉ
Operational Support
Ralph BAST

Directorate for Lending Operations outside the European Union

.....
Director General

Africa, Caribbean, Pacific

Martin CURWEN
Director

Flavia PALANZA

West Africa and Sahel
Tassilo HENDUS
Central and East Africa
Jacqueline NOËL
Southern Africa and Indian Ocean
Justin LOASBY
Caribbean and Pacific
Stephen MCCARTHY

Mediterranean

Jean-Louis BIANCARELLI
Director

Daniel OTTOLENGHI
Philippe OSTENC

Maghreb, Turkey
Alain SÈVE
Mashreq, Middle East, Malta, Cyprus
Patrick WALSH

Central and Eastern Europe

Walter CERNOIA
Director

Estonia, Latvia, Lithuania, Poland
Grammatiki TSINGOU-PAPADOPETROU
Hungary, Slovak Republic, Slovenia, Euratom
Henk DELSING
Albania, Bulgaria, Romania, Bosnia-Herzegovina, Croatia, Federal Republic of Yugoslavia, Former Yugoslav Republic of Macedonia
Guido BRUCH
Czech Republic, Global Loans Eastern Europe
Jean VRLA

Asia and Latin America

Claudio CORTESE
Director

Asia
Siward DE VRIES
Latin America
Matthias ZÖLLNER

Coordination and Control

Manfred KNETSCH
Director

Coordination
Marc BECKER
Control: Mediterranean, Central and Eastern Europe, Asia and Latin America
Christian CAREAGA
Control: ACP and Financial Institutions
Guy BERMAN

For regular updates on the latest developments in the organisation chart, readers are invited to visit the EIB's Web site: www.eib.org



Finance Directorate



René KARSENTI
Director General

Capital Markets

Jean-Claude BRESSON
Director

Barbara BARGAGLI PETRUCCI
Deputy Director

Euro Benchmarks
Carlos FERREIRA DA SILVA

Other Euro Funding
Joseph VOGTEN

Europe (excluding euro)
Central Europe, Mediterranean, Africa
Barbara BARGAGLI PETRUCCI

America, Asia, Pacific
Carlos GUILLE

Treasury

Anneli PESHKOFF
Director

Portfolio Management
James RANAIVOSON

Liquidity Management
Francis ZEGHERS

Asset/Liability Management
Jean-Dominique POTOCKI

Planning and Settlement of Operations

Eberhard UHLMANN
Director

Back Office Loans
Francisco DE PAULA COELHO

Back Office Treasury
Erling CRONQVIST

Back Office Borrowings
Yves KIRPACH

Coordination
Henri-Pierre SAUNIER

Financial Policy, ALM and Market Risk Management
Alain GODARD

Projects Directorate



Caroline REID
Director General

Jacques GIRARD
(Economic Affairs)

Agostino FONTANA
(Community Policies)

Peter CARTER
(Environmental Policy)

Infrastructure

Peter BOND
Director

Aviation/Shipping
Jean-Pierre DAUBET
(Procurement)

Barendt STOFKOPER
Urban Infrastructure
Luis LÓPEZ RODRÍGUEZ
Road/Rail
Lars NORDIN
(Environmental coordination)
Water Supply, Sewerage and Wastewater Treatment
José FRADE
Economic Questions
Mateo TURRO

Energy/Telecommunications/Waste

Günter WESTERMANN
Director
Electricity, Oil and Gas
René VAN ZONNEVELD
Angelo BOIOLI
(Environmental coordination)
Heiko GEBHARDT
(Solid Waste Processing)
Telecommunications
Patrick MULHERN
Juan ALARIO GASULLA

Industry

.....
Mining, Heavy Industry
Constantin CHRISTOFIDIS
(Environmental coordination)
Jean-Jacques MERTENS
Manufacturing Industry
Bernard BÉLIER
Carillo ROVERE
Health, Education
Stephen WRIGHT
Services, Tourism, Agricultural Processing, Financial Intermediaries
Peder PEDERSEN
Pedro OCHOA

Coordination and Control
Patrice GÉRAUD

Legal Affairs Directorate



Alessandro MORBILLI
General Counsel

Financial Questions
Marc DUFRESNE
Co-Director
Coordination and Institutional Policy
Pauliine KOSKELO
Co-Director

Operational Policy
Roderick DUNNETT

Operations

Konstantin ANDREOPOULOS
Deputy General Counsel

Hans-Jürgen SEELIGER

Germany, Austria
Gerhard HÜTZ

Spain, Portugal
Alfonso QUEREJETA

Greece, Ireland, United Kingdom
Patrick Hugh CHAMBERLAIN

Belgium, France, Luxembourg, Netherlands
Pierre ALBOUZE

Denmark, Finland, Sweden, Central and Eastern Europe
Robert WAGENER

ACP, Asia and Latin America, Mediterranean, OCT
Marco PADOVAN
Italy
Manfredi TONCI OTTIERI

Directorate for Economics and Information



Alfred STEINHERR
Chief Economist

Economic and Financial Studies
Christopher HURST
Eric PERÉE
Documentation and Library
Marie-Odile KLEIBER

Information and Communications

Henry MARTY-GAUQUIÉ
Director

Media Relations
Adam McDONAUGH
Communications Policy
Paul Gerd LÖSER

Coordination
Daphne VENTURAS

Operations Evaluation



Horst FEUERSTEIN
Director

Peter HELGER

Credit Risk



Terence BROWN
Director

Coordination and Control
Pier Luigi GILBERT
Deputy Director
Infrastructure
Per JEDEFORS
Deputy Director Operations and Infrastructure
Project Finance Risk
Klaus TRÖMEL
Energy and Industry
John Anthony HOLLOWAY
Banks
Georg HUBER

Financial Control



Patrick KLAEDTKE
Director

Accounting
Luis BOTELLA MORALES
Deputy Director
Project Management and Coordination
Charles ANIZET
Internal and Management Control
...

Internal Audit

Peter MAERTENS

Audit Committee

The three members of the Audit Committee are appointed by the Board of Governors for a renewable mandate of three years. Since 1996, the Committee has also had an observer, appointed annually for a mandate of one year. An independent body answerable directly to the Board of Governors, the Audit Committee verifies that the operations of the Bank have been conducted in compliance with the procedures laid down in its Statute and its books kept in a proper manner. The Governors take note of the report of the Audit Committee and its conclusions, and of the Statement by the Audit Committee, before approving the Annual Report of the Board of Directors.

On 14 June 1999, the Board of Governors appointed Mr Albert HANSEN to succeed Mr Emidio MARIA whose mandate had expired. In accordance with the system of annual rotation, Mr Yrjö TUOKKO took over the chairmanship of the Audit Committee held by Mr MARIA until 14 June 1999.

At their Annual Meeting, the Governors also decided to appoint Mr Emidio MARIA as observer to the Audit Committee for a term of one year.



In accordance with its function, the Audit Committee holds monthly meetings with the Management Committee and key staff members, coordinates the work of the Bank's external and internal auditors, whose reports it examines, and analyses the information supplied by the Bank's departments responsible for monitoring and control.

The Committee also conducts on-site visits to projects financed by the Bank; consequently, in 1999 it inspected, jointly with the European Court of Auditors, several projects in Portugal and Spain financed or cofinanced with grant or loan aid, or attracting interest rebates under the European Economic Area Financial Mechanism.

In addition, following on-site visits with the Court of Auditors to all countries in the Union, the Committee examined the implementation and impact of the temporary SME Facility established in April 1994 to foster job creation ("Copenhagen Facility").

Administration and staff

With a view to responding as effectively as possible to the very wide variety of tasks entrusted to it, the Bank attaches particular importance to promoting dynamic human resource management by encouraging individual mobility and development. In 1999, emphasis was placed mainly on broadening the expertise of the senior management cadre. The Bank also continued to focus on training, equal opportunities and dialogue with the Staff Representatives.

In addition, the Bank makes every effort to ensure that the highest standards of ethics are respected in the pursuit of its activities by drawing up Codes of Conduct for its staff and managing bodies and introducing procedures designed to prevent fraud.

Personnel management

Mobility and new career openings

Mobility represents a major component of personnel policy and around one hundred staff benefit from such opportunities each

year. Under this heading, a work programme was embarked upon jointly with the Directorates to foster mobility as an instrument for personal development. More especially, a study on the responsibilities of loan officers and secretaries was undertaken in order to define an intermediate level of responsibility as assistant and so to open up new career possibilities. In a similar vein, a project for "enriching on-the-job responsibilities" was set up with the aim of enabling secretarial, clerical and support staff, with recognised potential, to assume, through appropriate training, tasks currently falling within the remit of executive staff.

Management development programme

The other main pillar of human resource management is staff training, geared to optimising existing capabilities and acquiring new skills. Given the pivotal role of managerial functions in furthering personnel development, training and motivation, the Bank launched a management development programme.

This programme encompasses several training sessions at a leading European management school (selected by tender), in tandem with individual accompanying measures for participants to assist them in applying their new expertise.

As in previous years, the Bank maintained a high level of training for staff as a whole, centred on the essential skills required for the institution to conduct its activities.





Equal opportunities

The Bank attaches particular importance to equal opportunities for all staff. The Joint Committee on Equal Opportunities (COPEC), established in 1994, pressed ahead with its multiannual work programme and maintained contacts with other institutions, especially the ORIGIN network and Intercopec. Progress accomplished in terms of equal representation of both male and female employees in all professional categories demonstrates a genuine desire for change within the institution and efforts will continue in this direction.

Staff representation

A new College of Staff Representatives was elected in May 1999. The main topics broached in discussions with the Bank's management focused on personnel policy modernisation and working conditions. The creation of a Joint Committee on Health, Hygiene and Safety at work was formally endorsed. In view of the complexity of issues under examination, the spokesman for the Staff Representatives was seconded for a period of six months in order to be able to work full time for the College.

Opening up the Staff Pension Scheme

The Board of Directors amended the EIB's Staff Pension Scheme Regulations in order to facilitate the transfer of capital sums accrued under previous pension schemes towards the purchase of insurance years. This relaxation of the rules should assist recruitment, without compromising the financial robustness of the pension scheme. Practical implementation of this facility, however, presupposes the conclusion of transfer agreements with the external pension schemes concerned, an aspect

which still poses problems in a certain number of Member States.

Recruitment and workforce

In 1999, the Bank took forward its proactive policy of seeking out suitable candidates, employing a variety of techniques such as the creation of "jobs" pages on the Internet. It participated in various recruitment forums in different countries, maintained contacts with postgraduate circles and set up a file of young graduates constituting potential candidates, targeted according to the Bank's needs. For the first time last year, a precisely equal number of male and female staff was recruited, while female candidates accounted for one third of executive recruitments. At the end of December 1999, the EIB's staff complement ran to 1 011, an increase of 1.3% on a year-on-year basis.

Human resources

	Staff complement	Executive staff	Administrative and support staff
1996	948	535	413
1997	977	562	415
1998	998	581	417
1999	1 011	590	421





Ethics

Codes of conduct

A series of rules on professional ethics are enshrined in the Code of Conduct for staff, adopted by the Management Committee in 1997. The Bank has since extended this exercise to its managing bodies. In 1999, the Board of Governors approved a Code of Conduct applicable to the members of the Management Committee. Codes of Conduct for the Board of Directors and the Audit Committee are currently being finalised.

Fraud prevention

In the light of recent events at Community level, the Bank's management placed emphasis on reviewing its policy for combating fraud in order to ensure optimum protection of the financial interests of both the EIB and third parties. Accordingly, the Management Committee approved a set of rules and procedures for notifying suspected cases of fraud involving members of staff or the Bank's managing bodies.

Internal organisation

The Bank regularly adapts its internal organisation to accommodate changes in its working environment and developments in its activity.

The following changes have occurred since publication of the previous Annual Report and are reflected in the organisation chart on pages 68 and 69;

- An independent Financial Control Department has been set up.

- In the Projects Directorate, the responsibilities and remits of the different departments

have been redefined. The Directorate now comprises three Departments (Infrastructure, Energy and Industry) as well as a Coordination Division.

- The former Administrative Services Department has been split into two Divisions, one in charge of purchasing and administrative services – attached to the Corporate Affairs Department, the other responsible for common services and facilities management – attached to the General Secretariat.

Internal departmental and allied developments are covered in Bank publications and incorporated in the regularly updated organisation chart on the EIB's Web site.

Staff

A substantial number of changes have also occurred at senior management cadre level, chiefly as a result of retirements.

- In the Directorate for Lending Operations in the European Union, Thomas BARRETT has been appointed Director of the Department for Operations in Ireland, the United Kingdom and the North Sea as successor to Thomas HACKETT, now Director of the Office for Operations in Italy. Antonio PUGLIESE has taken over from Ernest LAMERS (*) at the head of the Department for Operations in Greece, Finland, Denmark and Sweden. Jos VAN KAAM, appointed Director of Coordination, has succeeded André DUNAND (*).

- In the Directorate for Lending Operations outside the European Union, Fridolin WEBER-KREBS (*) has relinquished his duties. Claudio CORTESE has been appointed Director of the Department for Operations in Asia and Latin America as successor to Patrick THOMAS, seconded to the Asian Development Bank as Executive Director.

(*) denotes staff members who have taken retirement.

- In the Finance Directorate, Jean-Claude BRESSON has taken over from Ulrich DAMM (*) as Director of the Capital Markets Department, while Ms Barbara BARGAGLI PETRUCCI has been appointed Deputy Director of this Department.

- In the Financial Control Department Luis BOTELLA has been appointed Deputy Director.

- In the Operations Evaluation Department, Horst FEUERSTEIN has succeeded Jean-Jacques SCHUL (*) as Departmental Director.

- In the Legal Affairs Directorate, Ms Pauliine KOSKELO has been appointed Co-Director.

- In the Human Resources Department, Gerlando GENUARDI has been nominated as EIB representative on the Board of Directors of the European Bank for Reconstruction and Development as successor to Roger LAVELLE.

- In the Administrative Services Department, Adriaan ZILVOLD (*) is relinquishing his duties.

Other developments

During 1998 and 1999, in common with other financial institutions, the Bank concentrated much of its effort in the Information Technology domain on preparations first for the introduction of the euro and then for the 2000 date change.

The Bank launched a strategic review of its information systems during 1999. This led to the identification of a series of key areas for development to ensure that these systems correspond to the Bank's future requirements.

These include a possible consolidation of the existing "automation" systems, which support financial operations and administration; building on this, effort is to be focused on the essential requirement of making information available in a timely, secure and reliable manner in order to facilitate decision-making and to help control risk. Investment is also planned in the infrastructure, particularly to put the Bank in a position to exploit future opportunities offered by the Internet.

These technical innovations will, in parallel, call for changes to working processes and methods, enabling the Bank to reap maximum benefit from its investments and to remain in line with rapid developments on the financial markets.

The Board of Directors wishes to thank the staff of the Bank for their productivity and the quality of their work, performed with commitment and professionalism throughout the year; it would like to encourage continuance of such efforts in support of the Bank's activity.

Luxembourg, 20 April 2000



The Chairman of the Board of Directors

Philippe Maystadt

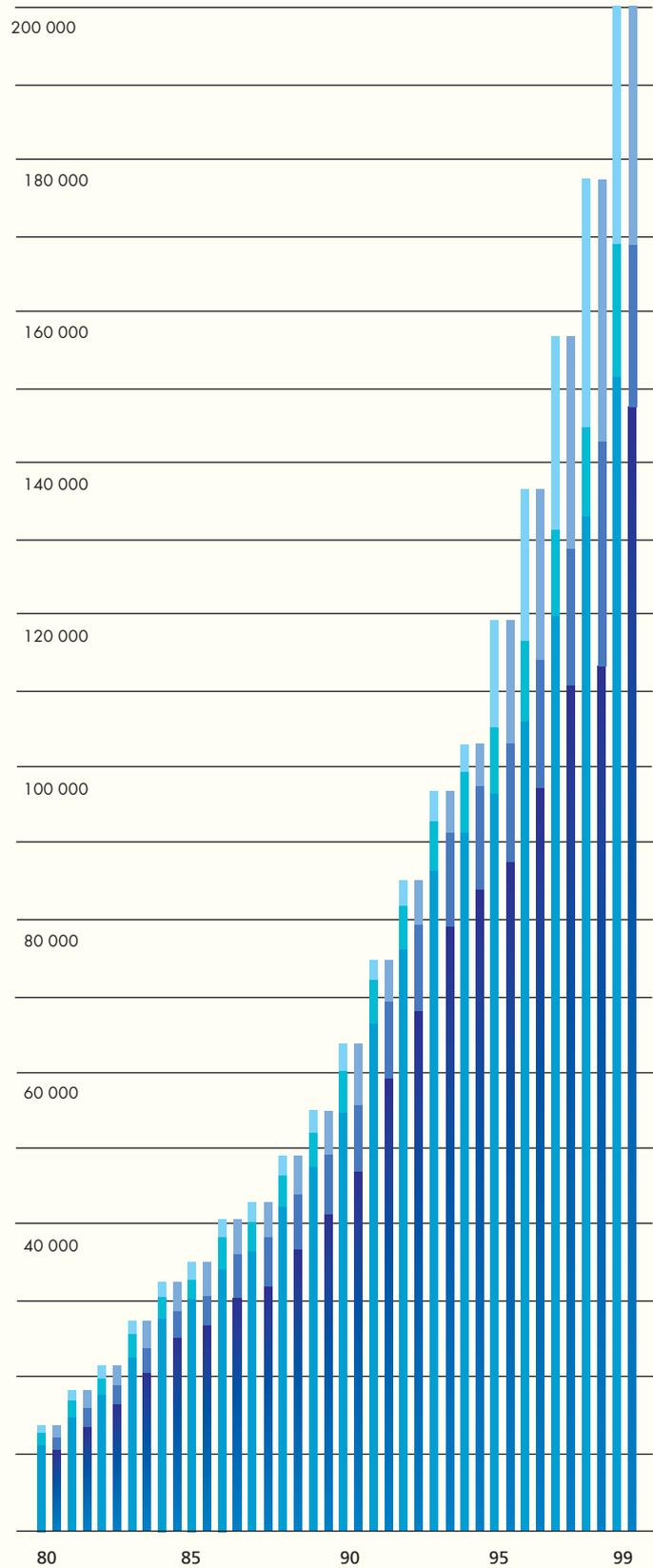


The Board of Directors (see page 65) ensures that the Bank is managed in keeping with the provisions of the Treaty and the Statute and with the general directives laid down by the Governors. It has sole power to take decisions in respect of loans, guarantees and borrowings. Its members are appointed by the Governors.

Presentation of the accounts

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Growth in the balance sheet of the Bank



- Assets**
- Outstanding loans from EIB own resources
 - Liquid assets
 - Other assets
- Liabilities**
- Outstanding borrowings
 - Capital, reserves and provisions
 - Other liabilities

Results for the year

Profit for the 1999 financial year came to **1 067 million** compared with 1 195 million in 1998, representing a decrease of 10.7%. Prior to transfers to provisions, the operating surplus worked out at 1 187 million in 1999 as against 1 345 million in 1998. This fall of 11.7% is attributable mainly to the long-term impact of the downward trend in interest rates between 1995 and 1999, offsetting the growth in the Bank's balance sheet.

The decline in long-term interest rates, impacting on the principal European currencies in which the Bank operates, led to a reduction in the average lending rate, which dropped from 6.70% in 1998 to 5.91% in 1999, in line, in particular, with the trend in interest rates for the euro in relation to its constituent currencies prior to 1999.

Receipts of **interest and commission on loans** in 1999 totalled **8 608 million** as against 8 428 million in 1998, while **interest and commission on borrowings** amounted to **7 712 million** (7 492 million in 1998).

Overall, **treasury operations** yielded net income of **496 million** in 1999, or 98 million lower than the 1998 figure of 594 million, corresponding to an average overall return of 3.76% in 1999, compared with 4.56% in 1998.

The decrease in income accruing from treasury operations in 1999 stemmed chiefly from the following factors:

- the net return on money market placements contracted by 38 million in 1999 on a year-on-year basis, in the wake of the fall in average short-term rates and despite the 26% upturn in average net money market treasury holdings;
- the return on the investment bond portfolio decreased by 41 million in 1999 compared with 1998, following the decline in long-term

rates, reflected in the profile of securities re-invested upon maturity.

A detailed breakdown of the Bank's treasury by compartment is presented on page 59.

General administrative expenses together with depreciation of tangible and intangible assets amounted to **173.5 million** in 1999, or 5.4% more than in 1998 (165 million).

On 14 June 1999, the Board of Governors decided to appropriate the balance of the profit and loss account for the year ended 31 December 1998, which, after transfer of EUR 150 000 000 to the Fund for general banking risks, amounted to EUR 1 194 963 181, as follows: (i) an amount of EUR 500 000 000 for addition to the Funds allocated to the Amsterdam Special Action Programme (ASAP); and (ii) the balance, i.e. EUR 694 963 181, for appropriation to the Additional Reserves.

Acting on a proposal from the Management Committee, the Board of Directors is recommending that the Governors appropriate the balance of the profit and loss account for the year ended 31 December 1999 - after transfer of 120 000 000 to the Fund for general banking risks - i.e. 1 067 390 168 as follows:

- 500 000 000 to the funds allocated to venture capital operations;
- the balance of 567 390 168 to the Additional Reserves.

This proposal differs from that contained in the financial statements under "Own funds and appropriation of profit", as the recommended decision on appropriation of the profit for the 1999 financial year adopted by the Board of Directors on 9 May 2000 post-dates the financial statements as drawn up by the Board of Directors on 22 February 2000.

BALANCE SHEET AS AT 31 DECEMBER 1999

In EUR '000

<i>ASSETS</i>	<i>31.12.1999</i>	<i>31.12.1998</i>
1. Cash in hand, balances with central banks and post office banks	11 542	27 170
2. Treasury bills eligible for refinancing with central banks (Note B)	2 066 543	3 446 435
3. Loans and advances to credit institutions		
a) repayable on demand	77 228	42 472
b) other loans and advances (Note C)	11 022 396	6 196 174
c) loans (Note D)	<u>65 234 401</u>	<u>50 614 348</u>
	76 334 025	56 852 994
4. Loans and advances to customers		
Loans (Note D)	88 122 260	82 451 072
Specific provisions (Note A.4)	<u>- 175 000</u>	<u>- 175 000</u>
	87 947 260	82 276 072
5. Debt securities including fixed-income securities (Note B)		
a) issued by public bodies	2 241 863	2 142 415
b) issued by other borrowers	<u>856 165</u>	<u>1 066 879</u>
	3 098 028	3 209 294
6. Shares and other variable-yield securities (Note E)	137 188	125 151
7. Participating interests (Note E)	160 000	160 000
8. Intangible assets (Note F)	7 195	4 800
9. Tangible assets (Note F)	80 913	82 604
10. Other assets		
a) receivable in respect of EMS interest subsidies paid in advance (Note H)	13 483	19 020
b) sundry debtors (Note I)	394 242	847 755
c) receivable in respect of currency swap contracts	<u>27 552 657</u>	<u>26 343 804</u>
	27 960 382	27 210 579
11. Prepayments and accrued income (Note J)	3 300 496	3 149 302
	<u>201 103 572</u>	<u>176 544 402</u>

The bracketed notes refer to the Notes to the Financial Statements

LIABILITIES
31.12.1999
31.12.1998

1. Amounts owed to credit institutions			
a) repayable on demand	0		0
b) with agreed maturity dates or periods of notice (Note K)	<u>336 626</u>		<u>643 624</u>
		336 626	643 624
2. Debts evidenced by certificates (Note L)			
a) debt securities in issue	147 240 921		122 942 325
b) others	<u>845 441</u>		<u>824 918</u>
		148 086 362	123 767 243
3. Other liabilities			
a) payable to Member States (Note G)	0		4 159
b) interest subsidies received in advance (Note H)	348 897		324 004
c) sundry creditors (Note I)	456 134		766 188
d) payable in respect of currency swap contracts	26 032 992		26 787 028
e) sundry liabilities	<u>34 112</u>		<u>32 994</u>
		26 872 135	27 914 374
4. Accruals and deferred income (Note J)		4 918 307	4 555 545
5. Provisions for liabilities and charges			
staff pension fund (Note M)		395 898	356 763
6. Fund for general banking risks (Note N)		870 000	750 000
7. Capital			
subscribed	100 000 000		62 013 000
uncalled	<u>- 94 000 000</u>		<u>- 57 361 015</u>
		6 000 000	4 651 985
8. Reserves			
a) reserve fund	10 000 000		6 201 300
b) additional reserves	<u>1 556 854</u>		<u>6 008 605</u>
		11 556 854	12 209 905
9. Funds allocated to the Amsterdam Special Action Programme		1 000 000	500 000
10. Profit for the financial year		<u>1 067 390</u>	<u>1 194 963</u>
		201 103 572	176 544 402

OFF-BALANCE-SHEET ITEMS
31.12.1999
31.12.1998
Commitments

- EBRD capital (Note E)			
. uncalled		442 500	442 500
. to be paid in		50 625	59 062
- EIF capital (Note E)			
. uncalled		640 000	640 000
- Undisbursed loans (Note D)			
. credit institutions, of which 51.1m under the 250m ETF/EIF programme	7 649 125		6 325 144
. customers	<u>18 276 584</u>		<u>15 942 646</u>
		25 925 709	22 267 790
Guarantees (Note D)			
. in respect of loans granted by third parties	334 857		346 969
Special deposits for service of borrowings (Note R)		1 208 891	4 765 957
Securities portfolio (Note S)			
. securities for delivery		0	263 945
Nominal value of interest-rate swap and deferred rate-setting contracts (Note V)		82 781 300	56 540 900
Borrowings arranged but not yet signed		361 911	1 200 000
Loans committed but not yet signed		884 481	0

STATEMENT OF SPECIAL SECTION ⁽¹⁾ AS AT 31 DECEMBER 1999

In EUR '000

ASSETS	31.12.1999	31.12.1998
Member States		
<i>From resources of the European Atomic Energy Community</i>		
Disbursed loans outstanding ⁽²⁾	12 238	27 743
<i>From resources of the European Community (New Community Instrument for borrowing and lending)</i>		
Disbursed loans outstanding ⁽³⁾	145 995	208 999
Turkey		
<i>From resources of Member States</i>		
Disbursed loans outstanding ⁽⁴⁾	86 248	98 267
Mediterranean Countries		
<i>From resources of the European Community</i>		
Disbursed loans outstanding	229 564	238 494
Risk capital operations		
- amounts to be disbursed	148 486	131 463
- amounts disbursed	130 436	102 360
	278 922	233 823
Total ⁽⁵⁾	508 486	472 317
African, Caribbean and Pacific States and Overseas Countries and Territories		
<i>From resources of the European Community</i>		
Yaoundé Conventions		
Loans disbursed	47 833	50 475
Contributions to the formation of risk capital		
Amounts disbursed	419	419
	48 252	50 894
Total ⁽⁶⁾	48 252	50 894
Lomé Conventions		
Risk capital operations		
- amounts to be disbursed	466 818	479 601
- amounts disbursed	1 084 122	1 022 599
	1 550 940	1 502 200
Total ⁽⁷⁾	1 550 940	1 502 200
Grand Total	2 352 159	2 360 420

For information:

Total amounts disbursed and not yet repaid on loans on special conditions made available by the Commission in respect of which the Bank has accepted an EC mandate for recovering principal and interest:

- a) Under the First, Second and Third Lomé Conventions: at 31.12.1999: 1 477 066; at 31.12.1998: 1 488 790
- b) Under Financial Protocols signed with the Mediterranean Countries: at 31.12.1999: 169 626; at 31.12.1998: 174 900

(1) The Special Section was set up by the Board of Governors on 27 May 1963: under a Decision taken on 4 August 1977 its purpose was redefined as being that of recording operations carried out by the European Investment Bank for the account of and under mandate from third parties.

(2) Initial amount of contracts signed under Council Decisions 77/271/Euratom of 29 March 1977, 80/29/Euratom of 20 December 1979, 82/170/Euratom of 15 March 1982 and 85/537/Euratom of 5 De-

ember 1985 providing for an amount of three billion as a contribution towards financing commercially-rated nuclear power stations within the Community under mandate, for the account and at the risk of the European Atomic Energy Community:	2 773 167
add: exchange adjustments	+ 181 690
less: repayments	- 2 942 619
	12 238

LIABILITIES

31.12.1999

31.12.1998

Funds under trust management

Under mandate from the European Communities

European Atomic Energy Community		12 238	27 743
European Community:			
- New Community Instrument		145 995	208 999
- Financial Protocols with the Mediterranean Countries		360 000	340 854
- Yaoundé Conventions		48 252	50 894
- Lomé Conventions		1 084 122	1 022 599
		<hr/>	<hr/>
		1 650 607	1 651 089
Under mandate from Member States		86 248	98 267
		<hr/>	<hr/>
	Total	1 736 855	1 749 356

Funds to be disbursed

On loans and risk capital operations in the Mediterranean Countries		148 486	131 463
On risk capital operations under the Lomé Conventions		466 818	479 601
		<hr/>	<hr/>
	Total	615 304	611 064
		<hr/>	<hr/>
	Grand Total	2 352 159	2 360 420

(3) Initial amount of contracts signed under Council Decisions 78/870/EEC of 16 October 1978 (New Community Instrument), 82/169/EEC of 15 March 1982, 83/200/EEC of 19 April 1983 and 87/182/EEC of 9 March 1987 for promoting investment within the Community, as well as 81/19/EEC of 20 January 1981 for reconstructing areas of Campania and Basilicata (Italy) stricken by an earthquake on 23 November 1980 and 81/1013/EEC of 14 December 1981 for reconstructing areas stricken by earthquakes in Greece in February and March 1981, under mandate, for the account and at the risk of the European Community: 6 399 145

add:	exchange adjustments		+ 125 604
less:	cancellations	201 991	
	repayments	6 176 763	- 6 378 754
		<hr/>	<hr/>
			145 995

(4) Initial amount of contracts signed for financing projects in Turkey under mandate, for the account and at the risk of Member States: 417 215

add:	exchange adjustments		+ 13 067
less:	cancellations	215	
	repayments	343 819	- 344 034
		<hr/>	<hr/>
			86 248

(5) Initial amount of contracts signed for financing projects in the Maghreb and Mashreq countries, Malta, Cyprus, Turkey and Greece (10 000 lent prior to accession to EC on 1 January 1981) under mandate, for the account and at the risk of the European Community: 607 241

less:	cancellations	16 419	
	repayments	82 335	
	exchange adjustments	1	- 98 755
		<hr/>	<hr/>
			508 486

(6) Initial amount of contracts signed for financing projects in the Associated African States, Madagascar and Mauritius and the Overseas Countries, Territories and Departments (AASMM-OCTD) under mandate, for the account and at the risk of the European Community:

- loans on special conditions	139 483	
- contributions to the formation of risk capital	2 503	141 986
add:		
- capitalised interest	1 178	
- exchange adjustments	9 839	+ 11 017
less:		
- cancellations	1 574	
- repayments	103 177	- 104 751
	<hr/>	<hr/>
		48 252

(7) Initial amount of contracts signed for financing projects in the African, Caribbean and Pacific States and the Overseas Countries and Territories (ACP-OCT) under mandate, for the account and at the risk of the European Community:

- conditional and subordinated loans	2 209 673	
- equity participations	72 367	2 282 040
add:		
- capitalised interest		+ 1 663
less:		
- cancellations	296 383	
- repayments	420 504	
- exchange adjustments	15 876	- 732 763
	<hr/>	<hr/>
		1 550 940

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1999
In EUR '000

	31.12.1999	31.12.1998
1. Interest receivable and similar income (Note O)	9 329 487	9 303 915
2. Interest payable and similar charges	– 7 980 575	– 7 826 739
3. Income from participating interests	3 119	1 600
4. Commission receivable (Note P)	18 290	20 457
5. Commission payable	– 3 474	– 5 133
6. Result on financial operations	– 339	4 096
7. Other operating income	3 477	1 492
8. General administrative expenses (Note Q):	– 183 891	– 163 665
a) staff costs	134 746	127 533
b) other administrative costs	49 145	36 132
9. Value adjustments in respect of (Note F):	– 8 774	– 7 556
a) intangible assets	1 646	855
b) tangible assets	7 128	6 701
10. Value adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings	10 070	16 496
11. Transfer to Fund for general banking risks (Note N) . . .	– 120 000	– 150 000
12. Profit for the financial year	1 067 390	1 194 963

OWN FUNDS AND APPROPRIATION OF PROFIT

On 14 June 1999 the Board of Governors decided to appropriate the balance of the profit and loss account for the year ended 31 December 1998, which, after transfer of 150 000 000 to the Fund for general banking risks, amounted to 1 194 963 181, as follows:

- an amount of 500 000 000 for addition to the Funds allocated to the Amsterdam Special Action Programme (ASAP);
- the balance, i.e. 694 963 181, for appropriation to the Additional Reserves.

Own funds at 31 December 1999 (EUR '000)

	Situation at 31.12.1998	Appropriation of profit for the 1998 financial year	Transfer from the Additional Reserves	Transfer for the 1999 financial year	Situation at 31.12.1999
Capital					
- subscribed	62 013 000				100 000 000 ⁽¹⁾
- uncalled	- 57 361 015				- 94 000 000 ⁽¹⁾
	4 651 985		+ 1 348 015 ⁽¹⁾		6 000 000 ⁽¹⁾
Reserves					
- Reserve Fund	6 201 300		+ 3 798 700 ⁽¹⁾		10 000 000
- Additional Reserves	6 008 606	+ 694 963	- 5 146 715 ⁽¹⁾		1 556 854
	12 209 906				11 556 854
Fund for general banking risks	750 000			120 000	870 000
Funds allocated to the Amsterdam Special Action Programme	500 000	+ 500 000			1 000 000
Profit to be appropriated	1 194 963	- 1 194 963			0
	19 306 854			120 000	19 426 854
Profit for the financial year					1 067 390
					20 494 244

Acting on a proposal from the Management Committee, the Board of Directors is recommending that the Governors carry forward (profit to be appropriated) the balance of the profit and loss account for the

year ended 31 December 1999, i.e. 1 067 390 168 after transfer of 120 000 000 to the Fund for general banking risks.

(1) Capital increase on 1 January 1999.

STATEMENT OF SUBSCRIPTIONS TO THE CAPITAL OF THE BANK AS AT 31 DECEMBER 1999

In EUR

Member States	Subscribed capital ⁽¹⁾	Uncalled capital ⁽¹⁾	Paid in at 31.12.1998	Transfer from Additional Reserves	Paid-in capital ⁽²⁾
Germany	17 766 355 000	16 699 382 842	827 479 050	239 493 108	1 066 972 158
France	17 766 355 000	16 699 382 842	827 479 050	239 493 108	1 066 972 158
Italy	17 766 355 000	16 699 382 842	827 479 050	239 493 108	1 066 972 158
United Kingdom	17 766 355 000	16 699 382 842	827 479 050	239 493 108	1 066 972 158
Spain	6 530 656 000	6 140 003 092	302 618 690	88 034 218	390 652 908
Belgium	4 924 710 000	4 630 122 198	228 201 989	66 385 813	294 587 802
Netherlands	4 924 710 000	4 630 122 198	228 201 989	66 385 813	294 587 802
Sweden	3 267 057 000	3 071 033 586	151 983 002	44 040 412	196 023 414
Denmark	2 493 522 000	2 344 363 695	115 545 254	33 613 051	149 158 305
Austria	2 444 649 000	2 297 970 078	113 724 695	32 954 227	146 678 922
Finland	1 404 544 000	1 320 271 348	65 339 188	18 933 464	84 272 652
Greece	1 335 817 000	1 255 909 988	61 900 005	18 007 007	79 907 012
Portugal	860 858 000	809 362 903	39 890 601	11 604 496	51 495 097
Ireland	623 380 000	586 090 514	28 886 245	8 403 241	37 289 486
Luxembourg	124 677 000	117 219 032	5 777 303	1 680 665	7 457 968
	100 000 000 000	94 000 000 000	4 651 985 161	1 348 014 839	6 000 000 000

At its annual meeting on 5 June 1998, the Board of Governors of the Bank unanimously adopted the following decisions:

- (1) The Board of Governors of the EIB decided to increase the Bank's subscribed capital from 62 013 million to 100 000 million.
- (2) As of 1 January 1999, the paid-in capital stands at 6 000 million, or 6% of the subscribed capital of 100 000 million; the increase in the paid-in capital was effected, on 1 January 1999, through a transfer of 1 348 014 839 from the Bank's free Additional Reserves.

(*) Could be called by decision of the Board of Directors to such extent as may be required for the Bank to meet its obligations towards those who have made loans to it.

CASH FLOW STATEMENT AS AT 31 DECEMBER 1999

In EUR '000

	31.12.1999	31.12.1998
A. Cash flows from operating activities:		
Profit for the financial year	1 067 390	1 194 963
Adjustments:		
Transfer to Fund for general banking risks	120 000	150 000
Value adjustments	8 774	7 556
Exchange adjustment not subject to Article 7	596	- 1 540
Increase in accrued interest and commissions payable and interest received in advance	362 762	732 135
Increase in accrued interest and commissions receivable	- 151 194	- 96 637
Investment portfolio amortisation	4 756	- 10 692
Hedging portfolio premium	680	12 676
Profit on operating activities:	1 413 764	1 988 461
Net loan disbursements	- 27 288 497	- 27 934 115
Repayments	14 007 544	12 926 015
Net balance on NCI operations (Note I)	44 408	56 415
Increase in operational portfolio	- 25 351	- 292 151
Net cash from operating activities	- 11 848 132	- 13 255 375
B. Cash flows from investing activities:		
EBRD shares paid up (Note E)	- 8 438	- 8 438
Sales of securities	2 022 045	517 528
Purchases of securities	- 2 013 202	- 508 515
Increases in land, buildings and furniture (Note F)	- 5 437	- 7 748
Increases in intangible fixed assets	- 4 041	- 3 751
Other (decreases)/increases in assets	12 364	- 85 295
Net cash from investing activities	3 291	- 96 219
C. Cash flows from financing activities:		
Issue of borrowings	29 720 169	31 256 664
Redemption of borrowings	- 16 062 560	- 14 714 053
Increase in currency swaps receivable	- 1 208 853	- 4 576 501
Decrease/(increase) in currency swaps payable	- 754 036	5 043 100
Net (increase)/decrease in commercial paper	1 863 493	- 864 325
Paid to Member States	0	- 1 000 000
Net decrease in amounts owed to credit institutions	- 306 998	- 310 623
Other (decreases)/increases in liabilities	- 249 067	240 136
Hedging portfolio sales	3 236 144	7 233 487
Hedging portfolio purchases	- 2 238 721	- 7 174 795
Net cash from financing activities	13 999 571	15 133 090
Summary statement of cash flows		
Cash and cash equivalents at beginning of financial year	7 891 180	7 402 585
Net cash from:		
(1) operating activities	- 11 848 132	- 13 255 375
(2) investing activities	3 291	- 96 219
(3) financing activities	13 999 571	15 133 090
Effects of exchange rate changes on cash and cash equivalents	2 154 250	- 1 292 901
Cash and cash equivalents at end of financial year	12 200 160	7 891 180
Cash analysis (excluding investment and hedging portfolios)		
Cash in hand, balances with central banks and post office banks	11 542	27 170
Bills maturing within three months of issue	1 088 994	1 625 364
Loans and advances to credit institutions:		
- accounts repayable on demand	77 228	42 472
- term deposit accounts	11 022 396	6 196 174
	12 200 160	7 891 180

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 1999

In EUR '000

Note A — Significant accounting policies

1. Accounting standards

The financial statements have been prepared in accordance with the general principles of the Directive of the Council of the European Communities of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions (the "Directive").

The accounting policies applied are in conformity with international accounting standards (IAS) in all material respects, except as explained in the relevant notes on accounting policies.

2. Conversion of currencies

In accordance with Article 4(1) of its Statute, the EIB uses the euro, the single currency of the Member States participating in the third stage of Economic and Monetary Union, as the unit of measure for the capital accounts of Member States and for presenting its financial statements.

The Bank conducts its operations in the currencies of its Member States, in euro and in non-Community currencies.

Its resources are derived from its capital, borrowings and accumulated earnings in various currencies and are held, invested or lent in the same currencies.

The Bank's assets and liabilities are converted into euro on the basis of the conversion rates obtaining at the balance sheet date. The gain or loss arising from such conversion is credited or charged to the profit and loss account.

3. Treasury bills and other bills eligible for refinancing with central banks and debt securities including fixed-income securities

With a view to clarifying management of its liquid assets and consolidating its solvency, the Bank has decided to establish the following types of portfolio:

3.1. Investment portfolio

The investment portfolio consists of securities purchased with the intention of holding them until final maturity in order to ensure the Bank's solvency. These securities are issued or guaranteed by:

- governments of the European Union, G10 countries and their agencies;
- supranational public institutions, including multinational development banks.

The entry cost of securities in this portfolio is the purchase price or more exceptionally the transfer price (notably in the event of transfer of securities from the operational portfolio). The difference between entry price and redemption value is accounted for *pro rata temporis* over the remaining life of the securities held.

3.2. Hedging portfolio

The hedging portfolio, which comprises securities with a fixed maturity, is maintained as part of the Bank's active management of the interest-rate risks inherent in its lending and funding activities. These investments are accounted for at cost. Gains and losses on disposal of these securities are released to income over the period of the original maturity of the borrowings.

3.3. Operational portfolio

The operational portfolio comprises listed securities issued and guaranteed by financial establishments. Securities held in this portfolio are marked to market in the balance sheet.

3.4. Short-term securities

In order to maintain an adequate level of liquidity the Bank purchases money market products with a maximum maturity of three months, in particular Treasury certificates and negotiable debt securities issued by credit institutions. The securities are held until their final maturity and presented in the accounts at their nominal value.

Treasury bills appear on the assets side of the balance sheet under item 2) Treasury bills eligible for refinancing with central banks.

Negotiable debt securities issued by credit institutions appear on the assets side of the balance sheet under item 5) Debt securities including fixed-income securities - b) issued by other borrowers.

4. Loans and advances to credit institutions and customers

4.1. Loans are included in the assets of the Bank at their net disbursed amounts.

Specific provisions have been made for loans and advances outstanding at the end of the financial year and presenting risks of non-recovery of all or part of their amounts. These provisions are entered on the profit and loss account as "Value adjustments in respect of loans and advances".

Value adjustments with regard to interest on these loans are determined on a case-by-case basis by the Bank's Management.

4.2. Interest on loans

Interest on loans is recorded in the profit and loss account on the accruals basis, i.e. over the life of the loans.

In the case of loans granted under the Amsterdam Special Action Programme (ASAP) on which the receipt of interest or commission is linked to the profitability of the underlying project, income may be recorded at the time of receipt. In other cases, interest is taken into account when due.

4.3. Reverse repurchase operations

A reverse repurchase operation (reverse repo) is one under which the Bank lends liquid funds to a credit institution which provides collateral in the form of securities. The two parties enter into an irrevocable commitment to complete the operation on a date and at a price fixed at the outset.

The operation is based on the principle of delivery against payment: the borrower of the liquid funds transfers the securities to the Bank's custodian in exchange for settlement at the agreed price, which generates a return for the Bank linked to the money market.

This type of operation is considered for the purposes of the Bank to be a loan at a guaranteed rate of interest and is entered on the assets side of the balance sheet under item 3) Loans and advances to credit institutions - b) Other loans and advances. The securities received as collateral are accounted for off balance sheet.

5. Shares, other variable-yield securities and participating interests

Shares and participating interests held represent a long-term investment and are accounted for at their purchase price. At the end of the year, their book value is compared with their estimated value. Should the latter be less than the book value, the corresponding carrying amount is reduced, if the decline is other than temporary.

6. Tangible assets

Land and buildings are stated at cost less both initial write-down of the Kirchberg headquarters and accumulated depreciation. Depreciation is calculated to write off the value of the Bank's Luxembourg-Kirchberg headquarters and its office in Lisbon on the straight-line basis over 30 and 25 years respectively. Office furniture and equipment were, until end-1997, depreciated in full in the year of acquisition. With effect from 1998, permanent equipment, fixtures and fittings, furniture, office equipment and vehicles have been recorded in the balance sheet at their purchase price, less accumulated depreciation. Depreciation is calculated on the straight-line basis over the estimated life of each item purchased, as set out below:

- permanent equipment, fixtures and fittings	10 years
- furniture	5 years
- office equipment and vehicles	3 years.

Works of art are depreciated in full in the year of acquisition.

7. Intangible assets

Intangible assets comprise investment in software developed by the Bank, depreciated on the straight-line basis over three years as from completion.

IAS 9 stipulates, *inter alia*, that for recognition as an asset the following criteria must be met:

- 1- the product or process is clearly defined and the costs attributable to the product or process can be separately identified and measured reliably;
- 2- the technical feasibility of the product or process can be demonstrated.

8. Staff pension fund and health insurance scheme

a) Pension fund

The Bank's main pension scheme is a contributory defined benefit pension scheme which covers all employees. All contributions of the Bank and its staff are invested in the assets of the Bank. These annual contributions are set aside and accumulated as a specific provision on the liabilities side of the Bank's balance sheet, together with annual interest.

Commitments for retirement benefits are valued at least every three years in accordance with IAS 19 using the projected unit credit method, in order to ensure that the provision entered in the accounts is adequate. Actuarial surpluses and deficits are spread forward over a period based on the average expected remaining service lives of staff.

b) Health insurance scheme

The Bank has set up its own health insurance scheme for the benefit of staff, financed by contributions from the Bank and its employees. The health insurance scheme is currently managed on the basis of equal benefits and contributions.

9. Fund for general banking risks

This item includes those amounts which the Bank decides to put aside to cover risks associated with loans and other financial operations, having regard to the particular risks attaching to such operations.

Amounts transferred to this Fund feature separately in the profit and loss account as "Transfer to Fund for general banking risks" in accordance with the Directive, whereas

international accounting standards require that such a transfer form part of the appropriation of the profit.

10. Funds allocated to the Amsterdam Special Action Programme

This item comprises the amount of allocations from the annual result of the Bank, determined each year by the Board of Governors to facilitate instruments providing venture capital in the context of implementing the European Council Resolution on Growth and Employment adopted on 16-17 June 1997.

Value adjustments on these operations will be deducted from this item when allocating future results.

11. Taxation

The Protocol on the Privileges and Immunities of the European Communities, appended to the Treaty of 8 April 1965 establishing a Single Council and a Single Commission of the European Communities, stipulates that the assets, revenues and other property of the Bank are exempt from all direct taxes.

12. Currency and interest rate swaps

The EIB enters into currency swaps, in which the proceeds of a borrowing may be converted into a different currency, mainly as part of its resource-raising operations. Simultaneously, a forward exchange operation is conducted in order to obtain the amounts needed to service the borrowing in the original currency. The amounts corresponding to these operations are entered on the balance sheet either, in the case of gross amounts receivable, under "Other assets" or, in the case of gross amounts payable, under "Other liabilities".

The Bank also enters into interest rate swaps as part of its hedging operations. The corresponding interest is accounted for on a *pro rata temporis* basis. The nominal amounts of interest rate swaps are accounted for off balance sheet.

13. Prepayments and accrued income - Accruals and deferred income

These accounts comprise:

Prepayments and accrued income: Expenditure incurred during the financial year but relating to a subsequent financial year, together with any income which, though relating to the financial year in question, is not due until after its expiry (principally interest on loans).

Accruals and deferred income: Income received before the balance sheet date but relating to a subsequent financial year, together with any charges which, though relating to the financial year in question, will be paid only in the course of a subsequent financial year (principally interest on borrowings).

14. Interest receivable and similar income

In addition to interest and commission on loans, deposits and other revenue from the securities portfolio, this heading includes the indemnities received by the Bank in respect of prepayments made by its borrowers. With a view to maintaining equivalent accounting treatment between income on loans and the cost of borrowings, the Bank amortises prepayment indemnities received over the remaining life of the loans concerned.

15. Certain prior-year figures have been reclassified to conform with the current year's presentation.

Note B — Securities portfolio

	31.12.1999	31.12.1998
Treasury bills eligible for refinancing with central banks (of which 12 641 unlisted in 1999 and 12 676 in 1998):	2 066 543	3 446 435
Debt securities including fixed-income securities (listed):	3 098 028	3 209 294
	5 164 571	6 655 729

	Purchase price	Amortisation for the period	Book value	Amortisation to be accounted for	Value at final maturity	Market value
Investment portfolio	2 449 092	43 118	2 492 210	18 426	2 473 784	2 491 050
Hedging portfolio	1 265 865	—	1 265 865	—	1 223 890	1 159 209
Operational portfolio	315 155	—	317 502	—	343 938	317 502
Other short-term paper	1 088 994	—	1 088 994	—	1 088 994	—
	5 119 106	43 118	5 164 571			

Note C — Loans and advances to credit institutions (other loans and advances)

	31.12.1999	31.12.1998
Term deposits	7 854 434	4 612 506
Reverse repos(*)	3 167 962	1 583 668
	11 022 396	6 196 174

(*) These operations comprise those carried out with a third-party custodian who undertakes, on the basis of a framework contract, to guarantee compliance with the contractual terms and conditions, notably with respect to:

- delivery against payment;
- verification of collateral;
- the collateral margin required by the lender which must always be available and adequate, with the market value of the securities being verified daily by the said custodian;

- organisation of substitute collateral provided that this meets all the contractual requirements.

Note D — Summary statement of loans and guarantees as at 31 December 1999

1. Aggregate loans granted (*)

Aggregate historical amount of loans calculated on the basis of the parities applied on the date of signature	290 598 102
Add: capitalised interest	28 761
exchange adjustments	+ 9 142 225
Less: terminations and cancellations	7 615 862
principal repayments	112 870 856
	- 120 486 718
Aggregate loans granted	179 282 370

Loans granted

Analysis of aggregate loans granted:

	to intermediary credit institutions	directly to final beneficiaries	Total
- Disbursed portion	65 234 401	88 122 260	153 356 661
- Undisbursed portion	7 649 125	18 276 584	25 925 709
Aggregate loans granted	72 883 526	106 398 844	179 282 370

(*) Aggregate loans granted comprise both the disbursed portion of loans and the portion still to be disbursed

2. Statutory ceiling on lending and guarantee operations

relation to aggregate loans and guarantees furnished currently totalling 179.617 billion and broken down as follows:

Under the terms of Article 18 (5) of the Statute, the aggregate amount outstanding at any time of loans and guarantees granted by the Bank must not exceed 250% of its subscribed capital.

Aggregate loans granted	179.282
Aggregate guarantees furnished in respect of loans granted by third parties	0.335
	179.617

The present level of capital implies a ceiling of 250 billion in

Note E — Shares and other variable-yield securities and participating interests

Shares and other variable-yield securities

This item comprises:

- An amount of 106 875 000 (1998: 98 437 500), corresponding to the capital paid in by the Bank as at 31 December 1999 in respect of its subscription of 600 000 000 to the capital of the EBRD.

The Bank holds 3.1% of the subscribed capital.

- An amount of 30 312 638 (1998: 26 713 776) in other shares, with a market value of 36 734 807, acquired with a view to guaranteeing recovery of loans and advances.

Participating interests

This item for 160 000 000 corresponds to the capital paid in by the Bank in respect of its subscription (800 000 000) to the capital of the European Investment Fund (EIF), with its registered office in Luxembourg.

The Bank holds 44.5% of the subscribed capital.

Neither the Bank's result nor its own funds would have been materially affected had these shares been accounted for using the equity method.

In EUR '000	% held	Total own funds	Total net result	Balance sheet total
EBRD (31.12.1998)	3.1	2 926 789	(261 233)	16 046 630
EIF (31.12.1998)	44.5	413 880	27 774	436 432

Note F — Tangible and intangible assets

	Land	Kirchberg buildings	Lisbon building	Furniture and equipment	Total tangible assets	Total intangible assets
Net book value at beginning of the year	3 358	74 188	167	4 891	82 604	4 800
Acquisitions during the year	—	—	—	5 437*	5 437	4 041
Depreciation during the year	—	3 830	14	3 284*	7 128	1 646
Net book value 31.12.1999	3 358	70 358	153	7 044	80 913	7 195

All of the land and buildings are used by the Bank for its own activities.

* of which 212 in respect of acquisition and depreciation of works of art.

Note G — Amounts payable to Member States for adjustment of capital contributions

Until 31 December 1998, in accordance with Article 7 of the Statute, application of the conversion rates given in Note Y entailed adjusting the amounts paid by Member States in their national currency as contributions to the Bank's capital.

Following introduction of the euro on 1 January 1999, payment of the amounts due to the three Member States concerned was made on 29 January 1999 in full and final settlement of their accounts.

Note H — Interest subsidies received in advance

(a) Part of the amounts received from the European Commission through EMS arrangements has been made available as a long-term advance which is entered on the assets side under item 10. (a) as "Receivable in respect of EMS interest subsidies paid in advance".

(b) On the liabilities side (item 3. (b)), "Interest subsidies received in advance" comprise:

- amounts in respect of interest subsidies for loans granted for projects outside the Union, under Conventions signed with the ACP States and Protocols concluded with the Mediterranean Countries;

- interest subsidies, concerning certain lending operations mounted within the Union from the Bank's own resources, made available in conjunction with the European Monetary System under Council Regulation (EEC) No 1736/79 of 3 August 1979 and in conjunction with the financial mechanism established by the EFTA Countries under the EFTA Agreement signed on 2 May 1992;

- amounts received in respect of interest subsidies for loans granted from EC resources under Council Decisions 78/870/EEC of 16 October 1978 (New Community Instrument), 82/169/EEC of 15 March 1982 and 83/200/EEC of 19 April 1983 and under Council Regulation (EEC) No 1736/79 of 3 August 1979 as amended by Council Regulation (EEC) No 2790/82 of 18 October 1982.

Note I — Other balance sheet accounts

Sundry debtors:

	31.12.1999	31.12.1998
- staff housing loans and advances	96 377	73 821
- net balance of amounts disbursed in respect of borrowings and amounts received in respect of loans under NCI operations managed for the account of the European Community (Special Section) . . .	157 272	201 680
- borrowing proceeds to be received	0	398 679
- other	140 593	173 575
	<u>394 242</u>	<u>847 755</u>

Sundry creditors:

- European Community accounts:		
. for Special Section operations and related unsettled amounts	160 366	131 932
. deposit accounts	56 343	43 813
- deposit accounts held under the EFTA financial mechanism . . .	—	347 501
- other	<u>239 425</u>	<u>242 942</u>
	<u>456 134</u>	<u>766 188</u>

Note J — Prepayments and accrued income – Accruals and deferred income

	31.12.1999	31.12.1998
Prepayments and accrued income:		
Interest and commission receivable	2 620 230	2 667 438
Deferred borrowing charges	679 435	480 563
Other	831	1 301
	<u>3 300 496</u>	<u>3 149 302</u>
Accruals and deferred income:		
Interest and commission payable	3 410 074	3 296 644
Deferred loan proceeds	594 921	419 923
Other	177 391	171 609
Deferred borrowing proceeds	<u>735 921</u>	<u>667 369</u>
	<u>4 918 307</u>	<u>4 555 545</u>

Note K — Amounts owed to credit institutions (with agreed maturity dates or periods of notice)

	31.12.1999	31.12.1998
- Short-term borrowings	329 539	639 574
- Promissory notes issued in respect of paid-in capital of EBRD	<u>7 087</u>	<u>4 050</u>
	<u>336 626</u>	<u>643 624</u>

Note L — Summary statement of debts evidenced by certificates as at 31 December 1999

Payable in	Borrowings					Currency swaps				Net amount			
	Outstanding at 31.12.1998	Average rate	Outstanding at 31.12.1999	Average rate	Due dates	31.12.1998		Average rate		Outstanding at 31.12.1998	Outstanding at 31.12.1999		
								amounts payable (+) or receivable (-)					
EUR	11 017 135	6.49	43 544 473	5.51	2000/2029	230 075	-	4.59	381 056	+	3.13	10 787 060	43 925 529
DEM	15 332 485	5.98	3 884 329	6.63	2000/2028	5 626 474	+	5.17	5 340 689	+	5.19	20 958 959	9 225 018
FRF	10 454 902	7.05	5 676 471	6.83	2000/2012	529 003	+	5.72	263 927	+	4.56	10 983 905	5 940 398
ITL	18 634 326	7.08	8 893 190	7.10	2000/2018	245 295	+	3.01	245 295	+	3.11	18 879 621	9 138 485
BEF	153 942	7.01	74 120	7.41	2002/2004	119 342	+	8.25	119 342	+	8.25	273 284	193 462
NLG	4 044 426	6.55	3 192 038	6.68	2000/2009	1 557 764	-	3.09	1 557 764	-	3.22	2 486 662	1 634 274
IEP	314 768	7.99	118 530	7.39	2000/2003	316 135	+	4.76	316 135	+	4.70	630 903	434 665
LUF	867 627	7.04	815 653	7.12	2000/2007	309 867	-	6.91	309 867	-	6.91	557 760	505 786
ESP	5 681 042	7.64	5 104 939	7.76	2000/2026	2 981 892	+	3.13	2 337 829	+	3.20	8 662 934	7 442 768
PTE	1 589 282	5.55	1 240 123	5.79	2000/2016	1 662 591	+	3.57	1 463 072	+	3.68	3 251 873	2 703 195
FIM	67 275	6.28	67 275	6.28	2001/2002	157 348	+	3.05	157 348	+	3.21	224 623	224 623
IN-CURRENCIES	68 157 210		72 611 141										
GBP	19 802 230	7.39	28 362 612	6.93	2000/2040	2 183 789	+	7.08	2 027 728	+	6.88	21 986 019	30 390 340
DKK	523 576	5.25	483 656	4.94	2002/2005	232 092	-	3.83	46 602	-	3.37	291 484	437 054
GRD	667 296	10.20	954 743	7.77	2000/2004	60 663	+	11.37	211 929	-	9.35	727 959	742 814
SEK	301 959	7.20	217 810	5.70	2003/2007	229 387	+	3.58	493 434	+	3.45	531 346	711 244
USD	18 909 514	6.26	27 672 159	6.02	2000/2026	4 357 269	-	4.29	3 322 750	-	5.95	14 552 245	24 349 409
CHF	4 120 589	5.06	3 753 567	4.90	2000/2014	47 705	+	7.11	172 388	+	7.11	4 168 294	3 925 955
JPY	7 081 830	4.62	7 851 617	3.83	2000/2022	3 065 339	-	4.25	3 605 636	-	4.25	4 016 491	4 245 981
NOK	56 361	5.38	260 014	5.56	2004/2007	—	—	—	260 014	-	5.65	56 361	—
CAD	1 963 314	7.96	2 341 867	7.84	2000/2008	1 907 947	-	9.00	2 273 412	-	9.00	55 367	68 455
AUD	535 718	8.58	692 193	7.88	2001/2005	535 718	-	8.58	692 193	-	7.88	—	—
CZK	195 562	12.27	204 487	10.68	2000/2013	184 691	-	12.31	110 794	-	12.44	10 871	93 693
HKD	549 411	8.01	1 185 396	7.75	2001/2009	549 411	-	8.01	1 185 396	-	7.75	—	—
NZD	181 084	8.38	154 983	7.17	2001/2004	181 084	-	14.05	154 983	-	7.17	—	—
ZAR	516 570	14.23	801 340	13.79	2000/2018	409 252	-	13.26	558 089	-	13.44	107 318	243 251
HUF	27 735	17.26	76 561	12.60	2003/2004	—	—	—	—	—	—	27 735	76 561
EEK	9 638	10.00	9 587	10.00	2001/2001	9 638	-	10.00	9 587	-	10.00	—	—
TWD	159 479	6.54	381 877	6.07	2003/2004	159 479	-	6.54	381 877	-	6.07	—	—
SKK	—	—	70 752	15.58	2001/2002	—	—	—	70 752	-	15.58	—	—
TOTAL	123 759 076		148 086 362										
Premiums	8 167												
TOTAL	123 767 243		148 086 362										

The redemption of certain borrowings is indexed to stock exchange indexes (historical value: 2 976 million). All such borrowings are hedged in full through swap operations.

Note M — Provisions for liabilities and charges (staff pension fund)

Commitments in respect of retirement benefits were valued at 30 June 1997 by an independent actuary using the projected unit credit method. The calculations were based on the following assumptions:

- a discount rate of 6.5 % for determining the actuarial present value of benefits accrued;
- an average retirement age of 62;
- a combined average impact of the increase in the cost of living and career progression estimated at 4%.

The movements in the pension fund provision were as follows:

- provision at 31 December 1998	356 763
- payments made during the year	- 12 104

- annual cost	+ 51 239
- provision at 31 December 1999	395 898

Note N — Fund for general banking risks

Recent movements in the Fund for general banking risks are tabulated below:

	31.12.1999	31.12.1998
Fund at beginning of the year	750 000	600 000
Transfer for the year	120 000	150 000
Fund at end of the year	870 000	750 000

Note O — Geographical analysis of "Interest receivable and similar income" (item 1 of the profit and loss account)

	31.12.1999	31.12.1998
Germany	1 187 974	954 695
France	1 146 025	1 104 184
Italy	1 259 349	1 591 026
United Kingdom	1 361 692	1 243 191
Spain	1 062 014	1 099 465
Belgium	220 618	196 995
Netherlands	146 018	141 290
Sweden	159 417	146 996
Denmark	243 726	269 673
Austria	78 841	66 197
Finland	73 042	58 547
Greece	299 413	303 519
Portugal	449 831	484 371
Ireland	139 391	173 531
Luxembourg	21 086	12 453
	<u>7 848 437</u>	<u>7 846 133</u>
Outside the European Union	759 677	582 035
	8 608 114	8 428 168
Income not analysed (1)	721 373	875 747
	9 329 487	9 303 915
(1) Income not analysed:		
Revenue from investment portfolio securities	144 693	178 956
Revenue from hedging portfolio securities	90 684	208 889
Revenue from short-term securities	67 549	42 663
Revenue from money-market operations	418 447	445 239
	<u>721 373</u>	<u>875 747</u>

Note P — Geographical analysis of "Commission receivable" (item 4 of the profit and loss account)

	31.12.1999	31.12.1998
France	42	99
Italy	32	45
United Kingdom	141	96
Spain	1	2
Denmark	42	47
Greece	38	53
Ireland	39	52
	<u>335</u>	<u>394</u>
Community institutions	17 955	20 063
	18 290	20 457

Note Q — Administrative expenses and charges

	31.12.1999	31.12.1998
Salaries and allowances	91 970	88 593
Welfare contributions and other social costs	42 776	38 940
Staff costs	134 746	127 533
General and administrative expenses	49 145 (*)	36 132
	183 891 (**)	163 665

(*) of which 12 933 in donations: - 10 000 in respect of the HIPC initiative
- 2 933 in respect of earthquakes.

(**) of which 5 017 relates to Year 2000 expenses (31.12.1998: 5 006).

The number of persons employed by the Bank was 1 011 at 31 December 1999 (998 at 31 December 1998).

Note R — Special deposits for service of borrowings

This item represents the amount of coupons and bonds due, paid by the Bank to the paying agents, but not yet presented for payment by the holders of bonds issued by the Bank.

Note S — Securities for delivery

These amounts correspond to securities portfolio operations, the value dates of which fall due after the end of the financial year.

Note T — Estimated present value of financial instruments

The Bank records balance sheet financial instruments on the basis of their historical cost in foreign currency - apart from the operational portfolio - representing the amount received in the case of a liability or the amount paid to acquire an asset. The present value of the financial instruments (mainly loans, treasury, securities and borrowings after long-term interest rate or currency swaps) entered under assets and liabilities compared with their accounting value is shown in the table below:

(EUR million) 31 December 1999	Assets		Liabilities	
	net accounting value	present value	accounting value	present value
- Loans	153 182	157 907	—	—
- Hedging portfolio	1 266	1 187	—	—
- Investment portfolio	2 492	2 545	—	—
- Operational portfolio	318	318	—	—
- Liquid assets	12 200	12 200	—	—
- Borrowings after swaps	—	—	144 791	149 450
TOTAL	169 458	174 157	144 791	149 450

Note U — Risk management

The significant risks which have to be managed by the Bank are:

- * credit risk
- * interest rate risk
- * liquidity risk
- * exchange risk

Credit risk

Credit risk concerns mainly the Bank's lending activity and, to a lesser extent, treasury instruments such as fixed-income securities held in the investment, hedging and operational portfolios, certificates of deposit and interbank term deposits.

The credit risk associated with the use of derivatives is also analysed hereafter in the "Derivatives" section (Note V).

Management of credit risk is based, firstly, on the degree of credit risk vis-à-vis counterparties and, secondly, on an analysis of the solvency of counterparties.

As regards lending, treasury and derivatives operations, credit risk is managed by an independent Credit Risk Department under the direct responsibility of the Management Committee. The Bank has thus established an operationally independent structure for determining and monitoring credit risk.

Loans

In order to limit the credit risk on its loan portfolio, the Bank lends only to counterparties where it has been possible to demonstrate their credit-worthiness over the longer term and who can offer guarantees deemed sufficiently sound.

In order efficiently to measure and manage credit risk on loans, the Bank has graded its lending operations according to generally accepted criteria, based on the quality of the borrower, the guarantee and, where appropriate, the guarantor.

The structure of guarantees attaching to the portfolio of loans granted as at 31 December 1999 is analysed below (EUR million):

- within the European Union:

		Guarantor					
		Member States	Public institutions ⁽¹⁾	Zone "A" banks	Corporates ⁽¹⁾	Without formal guarantee ⁽²⁾	Total
Borrower	Member States					14 048	14 048
	Public institutions	21 434	8 147	2 136	1 205	398	33 320
	Zone "A" banks	10 652	19 191	8 488	14 536	7 383	60 250
	Corporates	4 433	429	16 641	24 971	3 838	50 312
	Total	36 519	27 767	27 265	40 712	25 667	157 930

(1) Loans secured by assignment of rights by category of final beneficiary.

(2) Loans for which no formal guarantee was required, the borrower's level of solvency itself representing adequate security. In the event of certain occurrences, appropriate contractual clauses ensure the Bank's right of access to independent security.

- outside the European Union:

Secured by:

Member States	1 789
Community budget	16 715 (*)
Pre-Accession Facility	<u>2 847</u>
Total	21 351

(*) of which 1 599 million in risk-sharing operations as explained below.

Loans outside the Community (apart from those under the Pre-Accession Facility) are, in the last resort, secured by guarantees of the Community budget or the Member States (loans in the ACP Countries and the OCT). In all regions (South Africa, non-member Mediterra-

nean Countries, Central and Eastern Europe, Asia and Latin America), apart from the ACP Countries and the OCT, in the case of loans secured by a sovereign guarantee, all risks are, in the last resort, covered by the Community budget.

The new agreements decided by the Council of the European Union on 14 April 1997 (Decision 97/256/EC) introduced the concept of risk sharing whereby certain Bank loans are secured by third-party guarantees with respect to the commercial risk, the budgetary guarantee applying in the case of political risks solely arising from currency non-transfer, expropriation, war and civil disturbance. To date, finance contracts for 1 207 million in risk-sharing loans have been signed under these agreements.

Loans granted under the Pre-Accession Facility (2 847 million) are not secured by guarantees of the Community budget or the Member States.

LOANS FOR PROJECTS OUTSIDE THE UNION

Breakdown of loans by guarantee (EUR '000)

Convention/Agreement	Outstanding	Convention/Agreement	Outstanding
<i>Member States guarantee</i>		Yugoslavia - 2nd Protocol	233 205
ACP/OCT Group - 2nd Lomé Convention	34 163	Yugoslavia - Art. 18 (1984)	30 347
ACP/OCT Group - 3rd Lomé Convention	276 800	<i>Total: 75% Community budget guarantee</i>	<u>4 546 637</u>
ACP/OCT Group - 4th Lomé Convention	1 035 469	<i>70% Community budget guarantee</i>	
ACP/OCT Group - 4th Lomé Convention	442 920	South Africa - 375m - Decision 29.01.97	286 645
2nd Financial Protocol		Euromed (EIB) - 2 310m - Decision 29.01.97	2 372 983
<i>Total: Member States guarantee</i>	<u>1 789 352</u>	CEEC - 3 520 m - Decision 29.01.97	3 378 102
<i>100% Community budget guarantee</i>		FYROM - 150m - 1998/2000	130 000
South Africa - 300m - BG Decision 19.06.95	301 725	ALA II - 900m	789 640
CEEC - 1bn - BG Decision 29.11.89	744 662	ALA Interim (70% guarantee: risk-sharing) - 122m	128 646
CEEC - 3bn - BG Decision 02.05.94	2 815 823	<i>Total: 70% Community budget guarantee</i>	<u>7 086 016</u>
CEEC - 700m - BG Decision 18.04.91	429 710	<i>Total: Community budget guarantee</i>	<u>16 715 454</u>
ALA I - 750m	626 119	<i>Pre-Accession Facility</i>	
ALA Interim (100% guarantee) - 153m	164 762	Cyprus - pre-accession - 1998/2000	250 000
<i>Total: 100% Community budget guarantee</i>	<u>5 082 801</u>	CEEC - pre-accession - 1998/2000	2 596 734
<i>75% Community budget guarantee</i>		<i>Total: Pre-Accession Facility</i>	<u>2 846 734</u>
Mediterranean Protocols	4 078 136	Grand Total	21 351 540
Slovenia - 1st Protocol	145 043		
Yugoslavia - 1st Protocol	59 906		

A breakdown of disbursed loans outstanding (in EUR million) at year end according to the sectors in which borrowers are engaged is set out below:

Sector	Maturity				
	not more than 1 year	1 year to 5 years	more than 5 years	Total 1999	Total 1998
Energy	2 218	8 133	11 663	22 014	21 553
Transport	2 655	10 108	29 325	42 088	36 393
Telecommunications	1 546	8 465	4 683	14 694	14 377
Water, sewerage	892	4 366	7 274	12 532	11 365
Miscellaneous infrastructure	310	1 675	4 608	6 593	4 617
Agriculture, forestry, fisheries	47	194	241	482	487
Industry	1 669	7 750	3 137	12 556	11 697
Services	230	764	696	1 690	1 398
Global loans	3 484	17 093	18 578	39 155	30 273
Health, education	9	176	1 368	1 553	905
	<u>13 060</u>	<u>58 724</u>	<u>81 573</u>	<u>153 357</u>	<u>133 065</u>

Treasury

The credit risk associated with the treasury (the securities portfolio, commercial paper, term accounts, etc.) is rigorously managed through selecting first-class counterparties and issuers.

Limits governing the structure of the securities portfolio and outstanding treasury instruments have been laid down by Management, in particular on the basis of the ratings awarded to counterparties by the rating agencies (these limits are reviewed regularly by the Credit Risk Department).

The table below provides a percentage breakdown of the credit risk associated with the securities portfolio and treasury instruments in terms of the credit rating of counterparties and issuers:

% as at 31 December 1999	Securities portfolio %	Treasury instruments %
Moody's or equivalent rating		
AAA	55	11
AA1 to AA3	44	73
A1	—	7
Below A1	—	9
Non-rated	1	—
Total	100.00	100.00

Interest rate risk

The Bank has established an organisational structure for the asset-liability function, applying best practices in the financial industry, and, in particular, an Asset-Liability Management Committee (ALCO) under the direct responsibility of the Bank's Management Committee. Accordingly, it has decided on an asset-liability management strategy which involves maintaining an own funds duration of around 5 to 6 years, thereby safeguarding the Bank against substantial fluctuations in its long-term revenue.

Given a notional own funds portfolio in keeping with the above objective of an own funds duration equal to 5 to 6 years, an increase in interest rates of 0.01% on all currencies would result in a fall in the residual value (assets less liabilities) of 1 131 000 .

The following table illustrates the Bank's exposure to interest rate risk. It presents the nominal amounts according to maturities affected by the incidence of interest rate changes, as regards the main balance sheet items subject to reindexation:

Reindexation interval (EUR million):

	not more than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	more than 5 years	Total 1999	Total 1998
Assets							
Loans (gross)	53 365	5 307	7 411	41 561	45 713	153 357	133 065
Net liquidity	<u>10 029</u>	<u>150</u>	<u>167</u>	<u>1 029</u>	<u>2 328</u>	<u>13 703</u>	<u>11 557</u>
	63 394	5 457	7 578	42 590	48 041	167 060	144 622
Liabilities							
Borrowings and swaps	63 547	5 098	4 263	38 286	33 510	144 704	124 210
Interest rate risk	- 153	359	3 315	4 304	14 531		

Liquidity risk

The table below analyses assets and liabilities by maturity on the basis of the period remaining between the balance sheet date and the contractual maturity date.

Assets and liabilities for which there is no contractual maturity date are classified under "Maturity undefined".

Liquidity risk (EUR million)

Maturity	Not more than 3 months	More than 3 months but not more than 1 year	More than 1 year but not more than 5 years	More than 5 years	Maturity undefined	Total
Assets						
Cash in hand, central banks and post office banks	11					11
Treasury bills eligible for refinancing with central banks	437	332	446	852		2 067
Other loans and advances:						
Current accounts	77					77
Others	11 022					11 022
	<u>11 099</u>	<u>0</u>	<u></u>	<u></u>	<u></u>	<u>11 099</u>
Loans:						
Credit institutions	1 146	4 595	28 038	31 455		65 234
Customers	1 417	5 903	30 685	50 118		88 123
	<u>2 563</u>	<u>10 498</u>	<u>58 723</u>	<u>81 573</u>	<u></u>	<u>153 357</u>
Debt securities including fixed-income securities	707	62	731	1 598		3 098
Receivable in respect of currency swap contracts	3 537	2 986	15 346	5 684		27 553
Other assets					3 918	3 918
Total assets	18 354	13 878	75 246	89 707	3 918	201 103
Liabilities						
Amounts owed to credit institutions	330	2	5			337
Debts evidenced by certificates	8 093	10 402	69 724	59 867		148 086
Capital, reserves and profit					20 494	20 494
Other liabilities					6 153	6 153
Payable in respect of currency swap contracts	3 341	2 800	14 487	5 405		26 033
Total liabilities	11 764	13 204	84 216	65 272	26 647	201 103

A securities portfolio, termed an "investment portfolio" (Note B), has also been created in order to ensure the Bank's solvency and to contend with unforeseen liquidity needs. This securities portfolio consists of mainly fixed-income securities issued by first-class counterparties, largely bonds issued by Member States, with the intention of holding them until final maturity.

Exchange risk

The sources of exchange risk are to be found in the accumulation of own funds denominated in non-euro currencies, in the margins on operations and in general expenses incurred in non-euro currencies. The purpose of asset-liability management is to minimise this risk by re-allocating net balance sheet positions either in euro or in euro-in currencies. Any divergence from this objective is eliminated by regular operations on the foreign exchange markets.

Exchange position (EUR million)

Currency	euro	euro-in currencies	Pound sterling	United States dollar	Other currencies	Total excl. euro	Grand total
Assets							
Cash in hand, central banks and post office banks	1		10			10	11
Treasury bills eligible for refinancing with central banks	2 019	48					2 067
Other loans and advances: Current accounts	39		1	19	18	38	77
Others	6 075		1 090	3 514	343	4 947	11 022
	<u>6 114</u>		<u>1 091</u>	<u>3 533</u>	<u>361</u>	<u>4 985</u>	<u>11 099</u>
Loans:							
Credit institutions	17 519	24 652	11 744	8 992	2 328	23 064	65 235
Customers	24 266	27 812	16 778	11 894	7 372	36 044	88 122
	<u>41 785</u>	<u>52 464</u>	<u>28 522</u>	<u>20 886</u>	<u>9 700</u>	<u>59 108</u>	<u>153 357</u>
Debt securities including fixed-income securities	2 554	217		278	49	327	3 098
Receivable in respect of currency swap contracts	1 322	2 822	2 416	9 890	11 103	23 409	27 553
Other assets	1 329	1 398	655	330	206	1 191	3 918
Total assets	55 124	56 949	32 694	34 917	21 419	89 030	201 103
Liabilities							
Amounts owed to credit institutions	119			216	2	218	337
Debts evidenced by certificates: Debt securities in issue	43 542	28 895	28 121	27 672	19 011	74 804	147 241
Others	3	171	241		430	671	845
	<u>43 545</u>	<u>29 066</u>	<u>28 362</u>	<u>27 672</u>	<u>19 441</u>	<u>75 475</u>	<u>148 086</u>
Capital, reserves and profit	20 494						20 494
Other liabilities	2 697	1 792	703	555	406	1 664	6 153
Payable in respect of currency swap contracts	3 169	11 198	3 647	6 433	1 586	11 666	26 033
Total liabilities	70 024	42 056	32 712	34 876	21 435	89 023	201 103
Net position as at 31.12.1999	- 14 900	14 893	- 18	41	- 16		
Net position as at 31.12.1998	- 12 181	10 340	1 436	38	367		

Note V — Derivatives*1. As part of funding activity*

The Bank uses derivatives mainly as part of its funding strategy in order to bring the characteristics, in terms of currencies and interest rates, of the funds raised into line with those of loans granted and also to reduce funding costs.

The derivatives most commonly used are:

- * Currency swaps
- * Interest rate swaps
- * Deferred rate-setting (DRS) agreements.

Currency swaps

Currency swaps are contracts under which it is agreed to convert funds raised through borrowings into another currency and, simultaneously, a forward exchange contract is concluded to re-exchange the two currencies in the future in order to be able to repay the funds raised on the due dates.

Interest rate swaps

Interest rate swaps are contracts under which it is generally agreed to exchange floating-rate interest for fixed-rate interest or vice versa.

Deferred rate-setting (DRS) agreements

This derivative is similar to an interest rate swap contract (fixed rate/floating rate or vice versa). However, it is used more specifically by long-term financing institutions such as the EIB, which raises substantial amounts on the capital markets.

Use and associated risks

Interest rate or currency swaps allow the Bank to modify the interest rates and currencies of its borrowing portfolio in order to accommodate requests from its clients and also make it possible to access certain capital markets by exchanging with counterparties their advantageous conditions of access to these markets, so reducing funding costs.

All interest rate and currency swaps linked with the borrowing portfolio have maturities identical to the borrowings concerned and are therefore long term.

All derivatives described above are negotiated by mutual agreement with first-class counterparties.

In common with balance sheet financial instruments, derivatives are subject to credit risk. However, unlike balance sheet financial instruments where the credit risk usually corresponds to the notional or nominal amount, the credit risk associated with derivatives is generally equivalent to only a small portion of their notional value. In the

Bank's case, where only mutually agreed derivatives are negotiated, the credit risk is evaluated on the basis of the "current exposure" method recommended by the Bank for International Settlements (BIS). Hence, the credit risk is expressed in terms of the positive replacement value of the contracts, increased by the potential risks, contingent on the duration and type of transaction, weighted by a coefficient linked to the category of counterparty (BIS 2 weighted risk).

The following tables show the maturities of currency swaps and interest rate swaps plus DRS combined, sub-divided according to their notional amount and the associated credit risk:

Currency swaps (EUR million)

	less than 1 year	1 year to 5 years	5 years to 10 years	more than 10 years	Total 31.12.1999	Total 1998
Notional amount	4 005	15 346	5 292	392	25 035	20 951
Net discounted value	71	1 027	372	- 45	1 425	- 261
Credit risk (BIS 2 weighted)	55	531	170	57	813	537

It should be pointed out that the notional amounts receivable or payable in respect of currency swaps are entered on the balance sheet under "Other assets" and "Other liabilities" respectively (see 2. below for short-term swaps).

Interest rate swaps and DRS (EUR million)

	less than 1 year	1 year to 5 years	5 years to 10 years	more than 10 years	Total 31.12.1999	Total 1998
Notional amount	6 070	37 786	25 832	13 094	82 782	56 541
Net discounted value	744	967	- 270	119	1 560	3 918
Credit risk (BIS 2 weighted)	159	406	272	182	1 019	1 139

The Bank does not generally enter into any options contracts in conjunction with its risk hedging policy.

However, as part of its strategy of raising funds on the financial markets at least cost, the Bank enters into borrowing contracts encompassing notably interest rate or stock exchange index options. Such borrowings are covered by swap contracts to hedge the corresponding market risk.

Tabulated below are the number and notional amount of the various types of option attaching to borrowings:

	Embedded option	Stock exchange index	Special structure coupon or similar
Number	76	53	47
Notional amount (EUR million)	9 093	2 976	3 493
Net discounted value	- 161	1 250	316

All options contracts embedded in, or linked with, borrowings are negotiated by mutual agreement.

Generally, there is no credit risk on these options, except in some cases where they are based on a stock exchange index, but for which security exists in the form of regularly monitored collateral.

2. As part of liquidity management

The Bank also enters into short-term currency swap contracts in order to adjust currency positions in its operational treasury in relation to its benchmark currency, the euro, and to cater for demand for currencies in conjunction with loan disbursements.

The notional amount of short-term currency swaps stood at 2 431 million at 31 December 1999, as against 5 311 million at 31 December 1998.

It should be pointed out that the notional amounts receivable or payable in respect of short-term currency swaps are also entered on the balance sheet under "Other assets" and "Other liabilities" respectively.

Note W — Geographical breakdown of lending by country in which projects are located

Countries and territories in which projects are located	Number of loans	Aggregate loans granted	Undisbursed portion	Disbursed portion	% of total	% fin. year 1998
1. Loans for projects within the Union and related loans						
Germany	621	22 573 614	386 820	22 186 794	12.59%	11.78%
France	412	20 827 920	2 137 302	18 690 618	11.62%	11.26%
Italy	1 616	27 032 247	3 382 814	23 649 433	15.08%	17.18%
United Kingdom	347	23 800 159	2 942 688	20 857 471	13.27%	12.68%
Spain	418	22 860 417	1 963 007	20 897 410	12.75%	12.78%
Belgium	100	4 122 343	172 312	3 950 031	2.30%	2.57%
Netherlands	53	3 026 147	714 396	2 311 751	1.69%	1.92%
Sweden	97	3 361 754	211 522	3 150 232	1.88%	1.71%
Denmark	130	4 434 752	84 156	4 350 596	2.47%	2.43%
Austria	69	2 221 247	11 527	2 209 720	1.24%	1.04%
Finland	43	1 991 063	208 762	1 782 301	1.11%	0.91%
Greece	190	6 032 593	1 076 522	4 956 071	3.36%	3.08%
Portugal	193	11 044 014	2 643 686	8 400 328	6.16%	6.42%
Ireland	132	2 269 112	480 156	1 788 956	1.27%	1.52%
Luxembourg	32	406 835	17 352	389 483	0.23%	0.17%
Related loans (*)	20	1 926 615	99 053	1 827 562	1.07%	1.27%
Total	4 473	157 930 832	16 532 075	141 398 757	88.09%	88.73%

2. Loans for projects outside the Union

2.1 ACP Countries/OCT

Kenya	11	171 810	78 000	93 810		
Zimbabwe	14	125 457	18 030	107 427		
Jamaica	11	124 525	6 752	117 773		
Namibia	8	122 565	50 225	72 340		
Trinidad and Tobago	6	107 095	3 500	103 595		
Ghana	5	87 042	31 774	55 268		
Mauritius	11	86 408	14 324	72 084		
Senegal	3	77 764	54 001	23 763		
Côte d'Ivoire	10	76 107	2 500	73 607		
ACP Group	2	75 732	5 713	70 019		
Botswana	9	71 507	424	71 083		
Nigeria	3	69 272	0	69 272		
Barbados	6	67 483	38 508	28 975		
Mozambique	3	60 299	29 747	30 552		
Lesotho	3	59 334	54 000	5 334		
Papua New Guinea	6	52 347	0	52 347		
Bahamas	4	43 936	5 922	38 014		
Regional - Africa	2	35 660	0	35 660		
Mauritania	2	26 287	15 000	11 287		
Mali	1	22 750	0	22 750		
Cameroon	6	22 479	5 000	17 479		
Regional - West Africa	2	20 528	15 000	5 528		
Regional - Caribbean	1	20 274	16 000	4 274		
Uganda	2	18 363	6 500	11 863		
Saint Lucia	4	14 551	0	14 551		
Guinea	2	13 620	0	13 620		
French Polynesia	4	12 781	5 000	7 781		
Dominican Republic	2	11 882	3 000	8 882		
Gabon	2	10 500	10 500	0		
Dominica	1	10 000	10 000	0		
British Virgin Islands	3	8 047	5 000	3 047		
Cayman Islands	3	7 651	0	7 651		
Fiji	4	6 530	0	6 530		
Malawi	4	5 926	0	5 926		
Netherlands Antilles	4	5 849	1 000	4 849		
Saint Vincent and the Grenadines	2	5 801	4 000	1 801		
Tonga	3	4 252	0	4 252		
Suriname	1	4 090	2 120	1 970		
Grenada	1	4 078	2 401	1 677		
New Caledonia and Dependencies	1	3 841	0	3 841		
Falkland Islands	2	3 812	1 500	2 312		
Aruba	3	3 203	2 000	1 203		
Belize	2	2 857	162	2 695		
Democratic Republic of Congo	1	2 436	0	2 436		
Togo	1	893	0	893		
Seychelles and Dependencies	1	628	0	628		
Congo	2	616	0	616		
Regional - Central Africa	1	433	0	433		
Montserrat	1	50	0	50		
Sub-total	186	1 789 351	497 603	1 291 748	1.00%	1.07%

(*) Loans authorised under the second paragraph of Article 18 (1) of the Statute for projects located outside the territory of Member States of the Union but offering benefits for the Union are considered as related to loans within the Union.

Note W — Geographical breakdown of lending by country in which projects are located (continued)

Countries and territories in which projects are located	Number of loans	Aggregate loans granted	Undisbursed portion	Disbursed portion	% of total	% fin. year 1998
<i>2.2. South Africa</i> Sub-total	15	588 370	205 692	382 678	0.33%	0.26%
<i>2.3. Mediterranean Countries</i>						
Egypt	36	1 305 199	370 184	935 015		
Morocco	31	1 240 498	581 244	659 254		
Algeria	25	1 182 240	224 000	958 240		
Tunisia	38	754 902	331 123	423 779		
Turkey	13	567 550	173 007	394 543		
Lebanon	13	511 662	271 011	240 651		
Cyprus	16	452 230	297 894	154 336		
Jordan	29	408 749	174 616	234 133		
Gaza West Bank	9	185 133	159 532	25 601		
Israel	3	50 091	0	50 091		
Syria	3	26 014	0	26 014		
Malta	3	16 852	0	16 852		
Sub-total	219	6 701 120	2 582 611	4 118 509	3.74%	3.88%
<i>2.4. Central and Eastern European Countries</i>						
Poland	32	2 757 926	1 550 721	1 207 205		
Czech Republic	22	1 822 466	904 612	917 854		
Romania	23	1 373 744	936 532	437 212		
Hungary	25	1 276 935	410 162	866 773		
Slovak Republic	19	903 496	267 704	635 792		
Slovenia	18	831 146	469 387	361 759		
Bulgaria	15	666 706	439 000	227 706		
Lithuania	14	237 933	128 574	109 359		
Latvia	10	191 431	135 592	55 839		
FYROM	8	160 029	92 000	68 029		
Estonia	9	106 181	47 000	59 181		
Croatia	6	93 421	0	93 421		
Federal Republic of Yugoslavia	15	73 295	0	73 295		
Albania	5	67 842	52 700	15 142		
Bosnia-Herzegovina	1	984	0	984		
Sub-total	222	10 563 535	5 433 984	5 129 551	5.89%	5.19%
<i>2.5. Asian and Latin American Countries</i>						
Brazil	8	352 731	67 375	285 356		
Argentina	5	217 229	18 415	198 814		
Philippines	6	193 616	101 532	92 084		
Indonesia	3	148 163	126 263	21 900		
Thailand	3	136 624	70 000	66 624		
Peru	2	90 257	0	90 257		
China	2	84 907	33 595	51 312		
Mexico	2	80 336	26 611	53 725		
Panama	1	55 544	0	55 544		
India	1	55 263	52 444	2 819		
Vietnam	1	55 000	55 000	0		
Costa Rica	1	47 428	0	47 428		
Pakistan	2	45 015	42 348	2 667		
Chile	1	43 425	0	43 425		
Regional - Andean Pact	1	40 704	28 162	12 542		
Regional - Central America	1	35 000	35 000	0		
Paraguay	1	17 000	17 000	0		
Uruguay	1	10 922	0	10 922		
Sub-total	42	1 709 164	673 745	1 035 419	0.95%	0.87%
Total	684	21 351 540	9 393 635	11 957 905	11.91% *	11.27%
Grand Total	5 157	179 282 372	25 925 710	153 356 662	100.00%	100.00%

* 10.3% excluding Pre-Accession Facility.

Note X — IAS 14 – Segment reporting

In accordance with the determining factors set out in revised IAS 14, the Bank considers that lending constitutes its main business segment; its organisation and entire management systems are given over to developing and providing loans for Bank customers.

Consequently, pursuant to the above standard, the determining factors for segment reporting are:

- primary determining factor: lending as the main business segment;

- secondary determining factor: lending in terms of geographical spread.

Information to be disclosed under the heading of geographical segment reporting is given in the following notes:

- interest receivable and similar income by geographical area (Note O);
- lending by country in which projects are located (Note W);
- tangible and intangible assets by country of location (Note F).

Note Y — Conversion rates

The following conversion rates were used for drawing up the balance sheets at 31 December 1999 and 31 December 1998:

1 euro =	<u>31.12.1999</u>		<u>31.12.1998</u>
EURO-11:			
Deutsche Mark	1.95583	(*)	1.95583
French francs	6.55957	(*)	6.55957
Italian lire	1936.27	(*)	1936.27
Spanish pesetas	166.386	(*)	166.386
Belgian francs	40.3399	(*)	40.3399
Dutch guilders	2.20371	(*)	2.20371
Austrian Schillings	13.7603	(*)	13.7603
Finnish markka	5.94573	(*)	5.94573
Portuguese escudos	200.482	(*)	200.482
Irish pounds	0.787564	(*)	0.787564
Luxembourg francs	40.3399	(*)	40.3399
PRE-IN:			
Pounds sterling	0.62170		0.705455
Danish kroner	7.44330		7.44878
Drachmas	330.300		329.689
Swedish kronor	8.56250		9.48803
NON-COMMUNITY CURRENCIES:			
United States dollars	1.00460		1.16675
Swiss francs	1.60510		1.60778
Lebanese pounds	1511.04		1759.46
Japanese yen	102.730		132.800
Canadian dollars	1.46080		1.80613
Australian dollars	1.54220		1.89932
CFA francs	655.957		655.957
Czech koruny	36.1030		35.1939
Hong Kong dollars	7.80330		9.10065
New Zealand dollars	1.93570		2.20892
South African rand	6.18701		6.84883

(*) rates fixed irrevocably on 31 December 1998.

Report of the Auditor

The Chairman of the Audit Committee
European Investment Bank
Luxembourg

Following our appointment by the Bank on 20 June 1996, we have audited the financial statements, as identified below, of the European Investment Bank for the year ended 31 December 1999. These financial statements are the responsibility of the management of the European Investment Bank. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements identified below give, in accordance with the general principles of the Directive of the Council of the European Communities on the annual accounts and consolidated accounts of banks and other financial institutions and International Accounting Standards except as explained in the relevant notes on accounting policies, a true and fair view of the financial position of the European Investment Bank as at 31 December 1999 and of the results of its operations and its cash flows for the year then ended.

The financial statements on which our opinion is expressed comprise:

Balance sheet
Statement of special section
Profit and loss account
Own funds and appropriation of profit
Statement of subscriptions to the capital of the Bank
Cash flow statement
Notes to the financial statements

ERNST & YOUNG
Société Anonyme



Catherine ALEXANDER



Kenneth A. HAY

Luxembourg, 22 February 2000

The Audit Committee

The Audit Committee reports to the Board of Governors, the following statement being read to the Governors prior to their approval of the Annual Report and the financial statements for the past financial year:

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 documents which it deemed necessary to examine in the discharge of its duties,
- having examined and discussed the reports drawn up by Ernst & Young,

considering the 1999 Annual Report and the financial statements for the financial year ended 31 December 1999 as drawn up by the Board of Directors at its meeting on 22 February 2000,

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

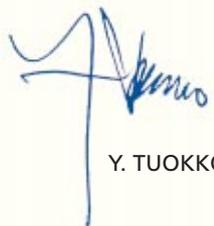
hereby confirms:

that the Bank's operations during the 1999 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 financial statements, comprising the balance sheet, the profit and loss account, the statement of Special Section, the notes to the financial statements, as well as any other financial information contained in the financial statements, give a true and fair view of the financial position of the Bank in respect of its assets and liabilities, and of the results of its operations and its cash flows for the financial year 1999.

Luxembourg, 28 March 2000

The Audit Committee



Y. TUOKKO



M. SOMERS



A. HANSEN



Projects financed

Lending within the European Union	103
Lending outside the European Union	116
Candidate Countries	116
Euro-Mediterranean Partnership Countries	118
African, Caribbean, Pacific (ACP) States and OCT	119
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Aggregate lending of EUR 27 765 million



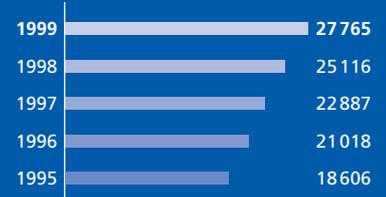


Lending within the European Union

Financing provided for capital investment within the European Union in 1999 totalled 27 765 million, as against 25 116 million in 1998, representing an increase of 10.5% (see detailed breakdown, table below).

The corresponding operations were financed from own resources – made up chiefly of the proceeds of the EIB's capital market borrowings as well as its own funds (paid-in capital and reserves). These operations give rise to financial commitments for the Bank and are accounted for in its balance sheet.

The EIB cooperates closely with a large number of financial institutions and commercial banks, with which it concludes global loans for financing small and medium-scale projects in the industrial, service, health, education and infrastructural sectors. It also grants individual loans through the intermediary of banks and financial institutions.



Geographical breakdown of loans concluded (EUR million)

	1999		1995-1999	
	Amount	%	Amount	%
Belgium	226	0.8	3 546	3.1
Denmark	898	3.2	3 893	3.4
Germany	5 534	19.9	19 958	17.3
Greece	1 436	5.2	4 148	3.6
Spain	4 048	14.6	15 289	13.2
France	4 295	15.5	14 568	12.6
Ireland	87	0.3	1 074	0.9
Italy	4 053	14.6	19 513	16.9
Luxembourg	105	0.4	389	0.3
Netherlands	311	1.1	2 220	1.9
Austria	606	2.2	2 251	2.0
Portugal	1 603	5.8	6 983	6.1
Finland	576	2.1	2 009	1.7
Sweden	544	2.0	3 252	2.8
United Kingdom	3 348	12.1	14 817	12.8
Art.18 (1)	97	0.3	1 483	1.3
European Union	27 765	100	115 392	100

Note:

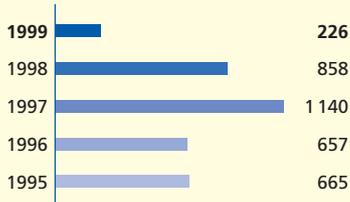
In the following lists, the Community policy objectives with which individual loans comply are highlighted by symbols in the right-hand columns. These symbols are as follows:

- regional development
- ★ industrial competitiveness and European integration
- ⊕ protection of the environment and urban development
- Community infrastructure
- ▼ energy
- ▲ human capital

Unless otherwise indicated, global loans cover a number of sectors and objectives.

Amounts relating to projects appearing in these lists are expressed in millions of euro.

(1) Projects with a European dimension outside the territory of the Member States



Belgium



Finance contracts signed: 226 million
of which
Individual loans: 77 million
Global loans: 149 million

Individual loans were directed towards the water and waste management (50 million) and industrial (27 million) sectors.

Finance contracts signed in 1999:

Individual loans

Modernisation and extension of wastewater collection and treatment facilities in Flemish Region

<i>Aqua-fin N.V.</i>	49.6	+
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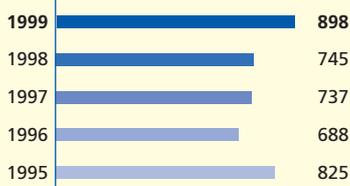
Construction of plant for manufacture of ethylene and vinyl alcohol (EVOH) copolymer resins in port of Antwerp

<i>Eval Europe N.V.</i>	27.3	★
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Global loans

For financing small and medium-scale ventures

- <i>KBC Bank N.V.</i>	99.2
- <i>Banque Bruxelles Lambert S.A.</i>	49.6



Denmark



Finance contracts signed: 898 million
of which
Individual loans: 898 million

These individual loans focused on transport (666 million), telecommunications (198 million), water and waste management (8 million) and the service sector (27 million).

Finance contracts signed in 1999:

Individual loans

Modernisation of short and medium-haul fleet

<i>Scandinavian Airline System-SAS</i>	105.4	●
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Construction of rail - road fixed link between Islands of Zealand and Fyn

<i>A/S Storebæltsforbindelsen</i>	342.6	■●
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Construction of Øresund rail - road fixed link between Copenhagen (Denmark) and Malmö (Sweden)

<i>Øresundskonsortiet</i>	102.1	●
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Construction of light railway network in Copenhagen

<i>Ørestadsselskabet I/S</i>	115.7	+
------------------------------------	-------	---

Upgrading and extension of fixed and mobile telecommunications networks

<i>Tele Danmark A/S</i>	197.9	■●
-------------------------------	-------	----

Extension and modernisation of municipal waste processing plant at Glostrup, west of central Copenhagen

<i>Vestforbrænding I/S</i>	7.7	▼+
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Modernisation and automation of mail distribution system and installation of new automatic parcels distribution system in 10 sorting centres

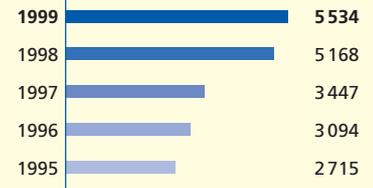
<i>Post Danmark A/S</i>	26.8	●
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Germany

Finance contracts signed: 5 534 million
of which
Individual loans: 2 292 million
Global loans: 3 220 million
ASAP "SME Window": 22 million



Individual loans were granted for the energy sector (209 million), transport (559 million), water and waste management (327 million), urban development (249 million), industry (597 million) and health and education (351 million).

In Germany's **Eastern Länder**, they were directed primarily towards health and education including, in particular, modernisation and renovation of hospitals in Mecklenburg-Vorpommern and Thuringia and improvements to the urban environment in Berlin. In addition, projects to modernise logistic mail distribution centres attracted loans both in the Eastern Länder and the rest of Germany.

Individual loans and **global loan financing** in the Eastern Länder accounted for more than 50% of the EIB's aggregate lending in Germany in 1999.

Finance contracts signed in 1999:

Individual loans

Modernisation and rehabilitation of electricity transmission and distribution network (Thuringia, Bavaria)

Bayernwerk AG 175.9 ■ ▼

Renovation and modernisation of medium-voltage power grid in Leipzig region (Saxony)

Energie Sachsen Brandenburg AG 12.4 ■ ▼

Construction of gasline from Dornumersiel (North Sea coast) to Salzwedel for delivery of Norwegian gas

Netra GmbH Norddeutsche Erdgas Transversale 20.5 ■ ▼

Construction of motorway tunnel under Elbe in Hamburg

Arbeitsgemeinschaft (ARGE) 4. Röhre Elbtunnel 153.4 ● ✦

Construction of urban railway network in Saarbrücken (Saarland)

Stadtbahn Saar GmbH 92.0 ■ ✦

Construction of two sections of A60 motorway between Bitburg and Wittlich (Rhineland-Pfalz)

ARGE A-60 100.2 ●

Construction of tunnel under Engelberg on A81 motorway near Stuttgart (Baden-Württemberg)

ARGE Engelberg 54.4 ●

Construction of motorway section to bypass town of Farchant (Bavaria)

ARGE Ortsumgehung Farchant 48.3 ●

Construction of 2 x 2-lane tunnel near Bremerhaven (Lower Saxony)

ARGE Wesertunnel
ARGE Weserquerung 48.2 ■ ●

Construction of third terminal, high-speed train station and car park at Cologne/Bonn airport (North Rhine-Westphalia)

Flughafen Köln/Bonn GmbH 25.6 ●

Expansion and modernisation of Nuremberg airport (Bavaria)

Flughafen Nürnberg GmbH 25.6 ■ ●



Sewerage and sewage disposal schemes in:

- North Rhine-Westphalia

Wasserverband Eifel-Rur 58.9 ■ ✦

Ruhrverband 23.1 ■ ✦

- Saarland

Entsorgungsverband Saar EVS 73.4 ■ ✦

- Hamburg

Hamburger Stadtentwässerung 40.0 ✦

- Düsseldorf

Landeshauptstadt Düsseldorf 20.0 ✦

- Nuremberg (Bavaria)

Stadt Nürnberg 18.0 ✦

- Baden-Württemberg

Zweckverband

Bodensee-Wasserversorgung 11.0 ✦

- Freiburg im Breisgau (Baden-Württemberg)

Stadt Freiburg im Breisgau 11.0 ✦

- Constance (Baden-Württemberg)

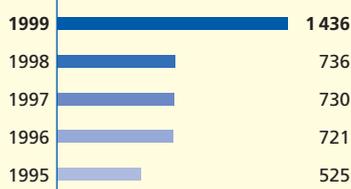
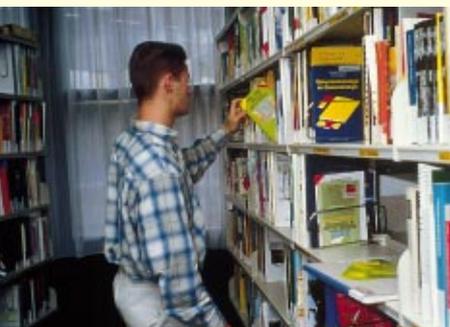
Stadt Konstanz 10.6 ✦

- Herford (North Rhine-Westphalia)

Herforder Abwasser GmbH 10.6 ✦

Cologne/Bonn airport

Support for
education infrastructure



Construction of new incineration plant for household and similar waste in Nuremberg (Bavaria)
Thermische Abfallbehandlung Nürnberg GmbH _____ 50.0 ▼✦

Improvements to urban environment in:

- **Potsdamer Platz, central Berlin**
DaimlerChrysler AG _____ 153.4 ■✦

- **Mannheim**
Stadt Mannheim _____ 31.0 ✦▲

- **Stuttgart**
Landeshauptstadt Stuttgart _____ 11.0 ✦

Extension and modernisation of Berlin trade fair
Land Berlin _____ 75.7 ■★

Construction of wafer manufacturing unit for production of microprocessors and design centre in Dresden (Saxony)
AMD Saxony Manufacturing GmbH _____ 134.3 ■★

Construction of multi-purpose pharmaceutical synthesis plant in Ingelheim (Rhine-land-Pfalz)
Boehringer Ingelheim Pharma KG _____ 30.0 ✦★

Construction of lightweight coated paper mill in Augsburg (Bavaria)
Haindl Papier GmbH _____ 179.0 ✦★

Logistic mail distribution centres _____ 205.9 ■●

Expansion of distribution centre for mail order company in Haldensleben (Saxony-Anhalt)
Otto Versand GmbH & Co _____ 48.1 ■

Modernisation and renovation of hospitals in:

- **Mecklenburg-Vorpommern**
Land Mecklenburg-Vorpommern _____ 208.6 ■▲

- **Jena, Nordhausen and Eisenberg**
Freistaat Thüringen _____ 41.4 ■▲

Capacity increases in primary, secondary and tertiary (continuing education, evening courses) education facilities
Land Berlin _____ 56.0 ■▲

Extension of engineering school and building of university libraries
Freistaat Thüringen _____ 16.0 ■▲

Construction of building for College for Film and Television (HFF) on the site of Babelsberg film studios in Potsdam near Berlin
Hochschule für Film und Fernsehen Konrad Wolf Potsdam-Babelsberg _____ 18.8 ■▲

Global loans

For financing small and medium-scale ventures

- <i>Kreditanstalt für Wiederaufbau</i> _____	754.5
- <i>Commerzbank AG</i> _____	616.0
- <i>Deutsche Bank AG</i> _____	499.7
- <i>Landesbank Hessen Thüringen Girozentrale</i> _____	352.4
- <i>Sächsische Aufbaubank GmbH</i> _____	200.0
- <i>Landesbank Baden-Württemberg</i> _____	150.9
- <i>Landesbank Schleswig-Holstein Girozentrale</i> _____	130.6
- <i>Bremer Landesbank Kreditanstalt Oldenburg Girozentrale</i> _____	102.8
- <i>WGZ-Bank SGZ-Bank GZB-Bank</i> _____	77.8
- <i>Bayerische Hypo- und Vereinsbank AG</i> _____	52.6
- <i>Dresdner Bank AG</i> _____	50.0
- <i>IKB Deutsche Industriebank</i> _____	49.7
- <i>Westdeutsche Landesbank Girozentrale</i> _____	45.1
- <i>Norddeutsche Landesbank Girozentrale</i> _____	40.0
- <i>Investitionsbank des Landes Brandenburg</i> _____	36.8
- <i>Landesbank Sachsen Girozentrale</i> _____	28.9
- <i>Landesbank Saar Girozentrale</i> _____	17.6
- <i>DGZ-DekaBank</i> _____	15.2

Operations under ASAP "SME Window"

- <i>Deutsche Venture Capital Gesellschaft mbH & Co Fonds II KG</i> _____	15.3
- <i>Innovationsfonds Schleswig-Holstein & Hamburg GmbH</i> _____	6.8



Finance contracts signed: 1 436 million
of which
Individual loans: 1 369 million
Global loans: 67 million

Individual loans covered the energy sector (77 million), transport (826 million), telecommunications (77 million) and industry (89 million).

Moreover, an emergency loan of 300 million was extended to Greece for the reconstruction of infrastructure damaged by the earthquake in the Greater Athens area.

Finance contracts signed in 1999:

Individual loans

Construction of gas-fired combined-cycle power station in Komotini (Thrace)
DEI - Dimosia Epiririsi Ilektrismou (Public Power Corporation) _____ 77.1 ■▼

Construction of two underground railway lines in Athens
Attiko Metro SA _____ 320.0 ■✦

Construction of Spata international airport (Athens)
Athens International Airport SA _____ 173.8 ■●



Construction of ring road north of Athens, forming part of Patras–Athens–Thessaloniki trunk road and linking Athens city centre to new international airport

Attiki Odos JV _____ 286.0 ■●

Construction of Patras bypass, forming part of Patras–Athens–Thessaloniki–Evzoni trunk road

Elliniki Dimocratia _____ 46.2 ■●

Second phase in development of mobile telephone network

STET (Hellas) SA _____ 76.7 ■●

Restoration of basic infrastructure, reconstruction and repair of SMEs and housing destroyed or damaged by Attica earthquake

Elliniki Dimocratia _____ 300.0 ■

Construction of polypropylene production facilities at Aspropyrgos (near Athens) and Thessaloniki

Hellenic Petroleum SA _____ 73.0 ■

Relocation of pasta manufacturing plants to industrial zone north of Athens

Misko Pasta Manufacturing SA _____ 16.0 ■+★

Global loans

For financing small and medium-scale ventures

- *Alpha Credit Bank SA* _____ 30.4

- *Ergobank SA* _____ 18.5

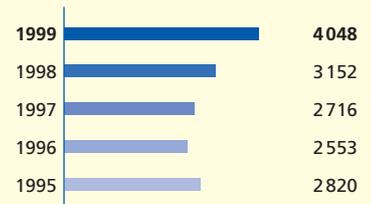
- *Bank of Cyprus Ltd* _____ 18.3



Building the Athens metro

Spain

Finance contracts signed: 4 048 million
of which
Individual loans: 3 147 million
Global loans: 874 million
ASAP "SME Window": 27 million



Individual loans were advanced for the energy (677 million), transport (1 309 million) and telecommunications (658 million) sectors, water and waste management (144 million) and industry and services (308 million). 51 million was channelled into health and education facilities.

Finance contracts signed in 1999:

Individual loans

Interconnection of the high-voltage power grids of Spain and Morocco

Red Eléctrica de España SA _____ 51.1 ■▼

Reinforcement and extension of electricity transmission and supply network

ENDESA SA _____ 396.0 ■▼

IBERDROLA SA _____ 230.0 ■▼

Upgrading of national and suburban rail networks and modernisation of rolling stock

Red Nacional de los Ferrocarriles Españoles _____ 84.1 ■●+*

Extension of metropolitan rail network in Madrid

(ARPEGIO) Areas de Promoción Empresarial SA _____ 270.4 +*

Improvement of rail networks in metropolitan areas of Valencia and Alicante

Ferrocarrils de la Generalitat Valenciana _____ 12.0 ■+*

Upgrading of 22 sections of national road network

Reino de España _____ 400.0 ■●

Construction of three road tunnels in metropolitan area of Bilbao

Túneles de Artxanda, Concesionaria de la Diputación Foral de Bizkaia, SA _____ 40.0 ■●

Improvements to regional road infrastructure

Comunidad Autónoma de Castilla La Mancha _____ 38.5 ■

First construction phase of new express dual carriageway between Leon and Burgos (Castile-Leon)

Comunidad Autónoma de Castilla y León _____ 36.1 ■●

Upgrading of road network in Madrid region

Comunidad de Madrid _____ 30.0 ■●



Construction of a corrugated cardboard production plant near Zaragoza

León – Burgos
motorway



Improvement and extension of Barajas airport, Madrid <i>Ente Público de Aeropuertos Españoles y Navegación Aérea</i> _____	147.3	■●	Improvements to the road network and construction of water supply system in Catalonia region <i>Gestió d'Infraestructures SA (Gisa)</i> _____	34.0	■●✚
Fleet renewal and expansion by acquisition of 20 Airbus <i>Iberia Líneas Aéreas de España SA</i> _____	150.0	●	Construction and upgrading of rural infrastructure in Andalusia: rural roads, dams and irrigation channels <i>Comunidad Autónoma de Andalucía</i> _____	59.1	■●✚
Construction of a second fixed telephone network <i>Retevisión SA</i> _____	300.0	■●	Improvements to urban infrastructure in the municipality of Valencia <i>Ayuntamiento de Valencia</i> _____	30.0	■✚
Modernisation of fixed telephone network <i>Telefónica SA</i> _____	237.5	■●	Construction of plant for production of corrugated cardboard near Zaragoza (Aragon) <i>SAICA - Sociedad Anónima Industrias Celulosa Aragonesa</i> _____	70.0	■✚
Construction of an integrated telecoms network in the Basque Country <i>Euskatel SA</i> _____	120.0	■●	Construction of newsprint and printing paper mill at Fuenlabrada, south of Madrid <i>Papelera Peninsular SA</i> _____	22.8	■
Improvements to wastewater collection and treatment facilities in: - Catalonia Region <i>Junta de Saneamiento de Cataluña</i> _____	24.0	■✚	Modernisation and expansion of production capacity of vehicle components plant at Eskoriatza (Guipúzcoa) <i>Fagor Ederlan SC</i> _____	12.0	■
- Valencia Region <i>Entidad Pública de Saneamiento de Aguas Residuales de la Comunidad Valenciana</i> _____	42.0	■✚	Construction of float glass production plant in Sagunto, near Valencia <i>Glafilk AIE</i> _____	55.0	■
Improvements to road, drinking water supply and wastewater collection and treatment infrastructure in autonomous region of Extremadura <i>Comunidad Autónoma de Extremadura</i> _____	48.1	■✚	Extension and modernisation of two hypermarkets at Molina de Segura (Murcia) and Valladolid (Castile-Leon) <i>Eroski Sociedad Cooperativa Limitada de Consumo SC</i> _____	18.0	■
Upgrading of road network and rehabilitation of historic buildings in Aragon region <i>Comunidad Autónoma de Aragón</i> _____	36.1	■●✚	Restoration of historic monuments in Seville Cordoba, Cadiz, Granada, Malaga and Jerez regions <i>Comunidad Autónoma de Andalucía</i> _____	12.0	■✚
			Construction of science museum and oceanographic park in Valencia <i>Ciudad de las Artes y de las Ciencias, SA</i> _____	90.0	■✚
			Construction and fitting-out of new district hospital at Lugo and three local hospitals; extension or rehabilitation of hospital facilities <i>Comunidad Autónoma de Galicia</i> _____	50.6	■▲

Global loans

For financing small and medium-scale ventures

- Instituto de Crédito Oficial _____	247.6
- Banco Santander Central Hispano SA _____	180.0
- Banco Bilbao Vizcaya _____	120.0
- Caja de Ahorros y Pensiones de Barcelona _____	120.0
- Deutsche Bank SAE _____	60.1
- Caja de Ahorros y Monte de Piedad de Madrid _____	60.0
- Caja de Ahorros del Mediterráneo y Grupo de Empresas del Mediterráneo SA _____	36.1
- Caja Laboral Popular Sociedad Cooperativa de Crédito Ltda _____	30.0
- Institut Catalá de Finances. _____	20.0

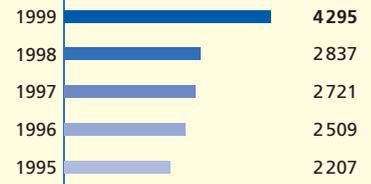
Operations under ASAP "SME Window"

- Inversiones en Telecomunicaciones FCR, co-invested with Retevisión Móvil, SA (AMENA) and managed by Ahorro Corporación Desarrollo, SA _____	19.5
- EBM Principia FCR, co-invested with Fundación Retevisión and managed by EBM, SA _____	8.0



France

Finance contracts signed: 4 295 million
of which
Individual loans: 1 506 million
Global loans: 2 778 million
ASAP "SME Window": 11 million



Individual loans were devoted to waste management (43 million), urban infrastructure (26 million) and education (34 million). Transport schemes accounted for 1 404 million.

Finance contracts signed in 1999:

Individual loans

Motorway links financed through intermediary of Caisse Nationale des Autoroutes (CNA):

- A20: Brive-Cahors-Montauban section of Vierzon-Montauban trunk road
ASF - Société des Autoroutes du Sud de la France SA _____ 60.0 ■●

- A66: Toulouse-Pamiers section of Paris-Toulouse-Barcelona trunk road
ASF - Société des Autoroutes du Sud de la France SA _____ 50.0 ■●

- A83: Oulmes-Niort section
ASF - Société des Autoroutes du Sud de la France _____ 50.0 ■●

- A29: Neuchâtel-Amiens-St Quentin section (Picardie)
SANEF - Société des Autoroutes du Nord et de l'Est de la France _____ 15.0 ■●

Construction of motorway link between Cergy-Pontoise and Roissy-Charles de Gaulle airport, north of Paris
Département du Val d'Oise _____ 45.7 ●

Modernisation of network operated by semi-public motorway concessionholders _____ 640.0 ■●

Extension and upgrading of road network on Guadeloupe
Région de la Guadeloupe _____ 30.0 ■

Construction of two tramlines in Lyons
SYTRAL - Syndicat Mixte des Transports pour le Rhône et les Alpes _____ 152.5 †

Acquisition of 23 A319 and A321 Airbuses
Groupe Air France SA _____ 300.0 ●

Extension of terminals at Basle-Mulhouse airport (Alsace)
Aéroport de Bâle-Mulhouse _____ 61.0 ●

Construction of an urban waste processing and recycling centre in St-Germain-en-Laye (Yvelines)
Azalys SA _____ 42.8 ▼‡

Urban renewal works in Gerland district of Lyons: construction of new professional training college, creation of city park, upgrading of main traffic thoroughfare
Communauté Urbaine de Lyon _____ 53.4 †▲

Improvements to urban environment in Bastia (Haute Corse)
Ville de Bastia _____ 6.1 ■‡

Global loans

For financing small and medium-scale public infrastructure schemes
Crédit Local de France _____ 1 005.3

For financing small and medium-scale ventures

- Caisse Nationale de Crédit Agricole _____ 752.0
- Banque Nationale de Paris _____ 400.0
- Société Générale _____ 200.0
- Banque Fédérative du Crédit Mutuel _____ 100.0
- Crédit Commercial de France _____ 100.0
- Crédit du Nord _____ 100.0
- Caisse Centrale de Crédit Coopératif _____ 75.0
- Compagnie Financière du Crédit Mutuel de Bretagne _____ 45.0

Operations under ASAP "SME Window"

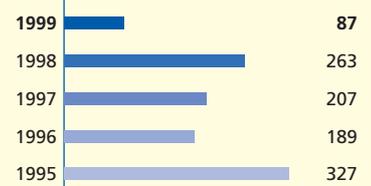
Caisse de Dépôts et Consignations _____ 11.4

Improving motorway links



Ireland

Finance contracts signed: 87 million
of which
Global loans: 62 million
ASAP "SME Window": 25 million



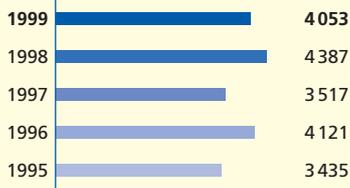
Finance contracts signed in 1999:

Global loans

For financing small and medium-scale ventures
Allied Irish Bank _____ 61.7

Operations under ASAP "SME Window"

Industrial Credit Corporation _____ 25.4



Finance contracts signed: 4 053 million
of which
Individual loans: 2 920 million
Global loans: 1 118 million
ASAP "SME Window": 15 million

Individual loans were divided between the energy sector (420 million), transport (1 559 million), telecommunications (364 million) and water and waste management (325 million). Lending to industry and the service sector accounted for 174 million, while health and education received 79 million.

Finance contracts signed in 1999:

Individual loans

Construction of a power interconnector between Italy and Greece

ENEL _____ 75.0 ■ ▼

Development of two onshore oil fields in Val d'Agri, near Potenza (Basilicata)

Enterprise Oil Italiana _____ 200.0 ■ ▼

Modernisation of part of Italian motorway network

Autostrade - Concessioni e Costruzioni Autostrade _____ 300.0 ■ ●

Construction of Bologna (Emilia-Romagna) - Florence (Tuscany) section of high-speed rail network

Treno Alta Velocità - TAV _____ 741.8 ●

Construction of Rome-Naples section of high-speed rail network

Treno Alta Velocità - TAV _____ 258.2 ■ ●

Extension of Leonardo da Vinci Fiumicino Airport

Aeroporti di Roma _____ 155.0 ●

Expansion of passenger and freight handling facilities at Malpensa Airport (Lombardy)

SEA - Società Esercizi Aeroportuali _____ 103.7 ●

Construction of fixed telecommunications network

Infostrada _____ 258.0 ■ ●

Modernisation of fixed telecommunications network in Mezzogiorno

Telecom Italia _____ 105.9 ■ ●

Technical upgrading of the water supply and distribution network in Palermo

Azienda Municipalizzata Acquedotto di Palermo _____ 36.1 ■ †

Improvements to urban environment in:

- Bologna (Emilia-Romagna)
Comune di Bologna _____ 52.0 †

- Venice
Comune di Venezia _____ 52.0 ■ †

Technical upgrading and expansion of power distribution networks and renovation of sewage treatment works in Rome region

ACEA - Azienda Comunale Energia e Ambiente _____ 206.6 ▼ †

Restoration of infrastructure, housing, public buildings and monuments damaged by autumn 1997 earthquakes in Umbria and The Marches

Regione Marche _____ 123.0 ■

Modernisation and expansion of water heater and bathroom equipment production facilities in nine plants

Merloni Termosanitari _____ 15.5 ■ ★

Expansion of a submarine cable plant near Naples (Campania)

Pirelli Cavi e Sistemi _____ 16.0 ■ ★

Construction of bakery product factory and modernisation of existing cake factory in Melfi-San Nicola, near Potenza (Basilicata)

Barilla Alimentare _____ 22.6 ■
Forneria Lucana _____ 22.6 ■

Construction of industrial gases production facility in Sarroch (Sardinia)

Air Liquide Italia _____ 36.2 ■ †

Extension of three tissue paper mills in Lucca province (Tuscany)

Industrie Cartarie Tronchetti _____ 5.2 ■ ★



Pasta manufacturing plant



Wastewater treatment plant in the Rome area



Relocation of pasta manufacturing plants to Parma industrial zone (Emilia-Romagna) <i>Barilla Alimentare</i> _____	20.0	■ † ★
Construction of new fruit and vegetable wholesale market in Rome <i>Centro Agro Alimentare Roma</i> _____	36.2	†
Modernisation of teaching hospital in Padua (Veneto) <i>Azienda Ospedaliera di Padova</i> _____	16.6	▲
Expansion of technical university in Turin (Piedmont) <i>Politecnico di Torino</i> _____	62.0	▲

Global loans

For financing small and medium-scale ventures	
- <i>Banca Popolare di Verona</i> _____	180.0
- <i>Rolo Banca 1473</i> _____	180.0
- <i>Banca Carige</i> _____	77.5
- <i>Banca Monte dei Paschi di Siena</i> _____	75.0

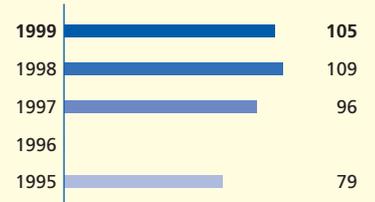
- <i>Banco di Brescia</i> _____	60.0
- <i>Banca Popolare dell'Emilia Romagna</i> _____	51.7
- <i>San Paolo IMI</i> _____	51.7
- <i>Banca Popolare Commercio e Industria</i> _____	50.0
- <i>Credito Emiliano</i> _____	50.0
- <i>Banca Popolare di Bergamo - Credito Varesino</i> _____	50.0
- <i>Cassa di Risparmio di Firenze</i> _____	50.0
- <i>Credito Bergamasco</i> _____	50.0
- <i>Cassa di Risparmio in Bologna</i> _____	50.0
- <i>Banca Popolare di Vicenza</i> _____	50.0
- <i>Efibanca</i> _____	30.0
- <i>Banca Popolare di Milano</i> _____	25.8
- <i>Banca Nazionale del Lavoro</i> _____	25.8
- <i>Banca Popolare di Novara</i> _____	10.3

Operations under ASAP "SME Window"

<i>Euromobiliare VC Fund - Raffaello Jersey LP</i> _____	15.0
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Luxembourg

Finance contracts signed: 105 million
of which
Individual loans: 105 million



Finance contracts signed in 1999:

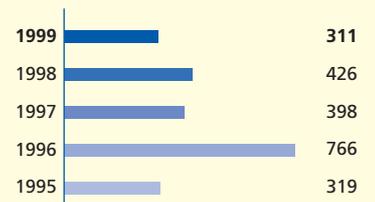
Individual loans

Purchase of four cargo aircraft and flight simulator as part of fleet expansion and modernisation <i>Cargolux Airlines International SA</i> _____	105.0	●
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Netherlands

Finance contracts signed: 311 million
of which
Individual loans: 100 million
Global loans: 211 million



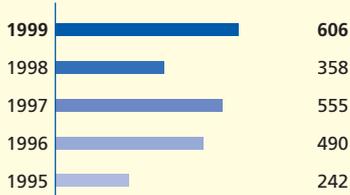
Finance contracts signed in 1999:

Individual loans

Modernisation and extension of water supply system in southern region <i>Waterleiding Maatschappij Limburg NV</i> _____	100.0	†
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Global loans

For financing small and medium-scale ventures	
- <i>Bank Nederlandse Gemeenten NV</i> _____	136.1
- <i>SNS Bank Nederland NV</i> _____	75.0



Austria



Finance contracts signed: 606 million
of which
Individual loans: 343 million
Global loans: 248 million
ASAP "SME Window": 15 million

Individual loans targeted the energy sector (129 million), transport (117 million), water management (20 million), industry and services (77 million).

Finance contracts signed in 1999:

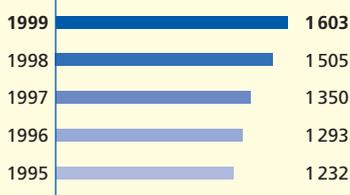
Individual loans

Construction of waste incineration plant producing steam for industrial use in Lenzing (Upper Austria) <i>Reststoffverwertung Lenzing Invest GmbH & Co KG</i>	13.0 ▼ † ★
Extension and renewal of district heating network in Vienna <i>Fernwärme Wien GmbH</i>	32.0 ▼
Construction of hydroelectric power station on Danube and rehabilitation of river area downstream of Vienna <i>Österreichische Donaukraftwerke AG</i>	97.0 ▼
Extension and modernisation of sewerage network in Graz <i>Stadt Graz</i>	6.5 †
Modernisation of oil refinery in Schwechat, suburb of Vienna <i>OMV AG</i>	73.0 ▼ †
Modernisation and expansion of medium and long-haul airline fleet <i>Österreichische Luftverkehrs AG</i>	117.0 ●
Research and development in advanced technology in metal, energy and environmental engineering sectors, in Linz (Upper Austria) <i>VA Technologie AG</i>	4.5 ▼ † ★

Global loans

For financing small and medium-scale ventures	
- Bank Austria AG	182.9
- Raiffeisen Zentralbank Österreich AG	33.9
- Österreichische Hotel und Tourismus Bank	16.2
- Bank für Arbeit und Wirtschaft AG	15.0
Operations under ASAP "SME Window"	
<i>Invest Equity Beteiligungs AG</i>	14.5

District heating plant in Vienna



Portugal



Finance contracts signed: 1 603 million
of which
Individual loans: 1 598 million
ASAP "SME Window": 5 million

Individual loans were concentrated on energy (121 million), transport (935 million), telecommunications (249 million), water and waste management (193 million) and industry (100 million).

Finance contracts signed in 1999:

Individual loans

Construction and extension of natural gas transmission and supply networks in: - northern Portugal <i>Portgás - Sociedade de Produção e Distribuição de Gás SA</i>	27.9 ■ ▼	- Setúbal region (south) <i>Setgás - Sociedade de Produção e Distribuição de Gás SA</i>	22.5 ■ ▼
		Construction of hydro-power station on river Guadiana (Alentejo) <i>Empresa de Desenvolvimento e Infraestruturas do Alqueva SA</i>	70.0 ■ ▼

Upgrading of motorway network in Oporto region

Aenor Auto-estradas do Norte SA _____ 450.0 ■●

Modernisation, widening and construction of new motorway sections between Abrantes and Guarda in North-East

SCUTVIAS Auto-estradas da Beira Interior SA _ 358.3 ■●

Improvements to sections of national trunk roads

Junta Autónoma de Estradas _____ 127.2 ■●

Construction of mobile telephone network

Optimus Telecomunicações SA _____ 249.4 ■●

Construction of urban waste incineration plant with power-generating facilities in metropolitan area of Oporto

LIPOR – Serviço Intermunicipalizado de Tratamento de Lixos da Região do Porto _____ 45.4 ■▼✦

Extension of drinking water supply and sewerage networks in municipality of Santa Maria da Feira, south of Oporto

Indaqua Feira – Indústria de Águas de Santa Maria da Feira _____ 80.0 ■✦

Construction of water supply and sewage collection and treatment infrastructure throughout Portugal

Águas do Barlavento Algarvio SA _____ 8.0 ■✦

Águas do Cávado SA _____ 8.0 ■✦

Águas do Douro e Paiva SA _____ 10.0 ■✦

Águas do Sotavento Algarvio SA _____ 8.0 ■✦

Empresa Portuguesa das Águas Livres SA _____ 12.5 ■✦

Sanest - Sistema Multimunicipal de Saneamento da Costa do Estoril _____ 8.0 ■✦

Simria - Sistema Multimunicipal de Saneamento da Ria de Aveiro _____ 8.0 ■✦

Rehabilitation of social housing in Lisbon

Câmara Municipal de Lisboa _____ 5.0 ■✦

Expansion of uncoated woodfree paper-making capacity at Figueira da Foz, north of Lisbon

Soporcel - Sociedade Portuguesa de Celulose SA _____ 100.0 ■

Operations under ASAP "SME Window"

Banco Português de Investimento – SGPC SA _ 5.0



Extending the natural gas network

Finland

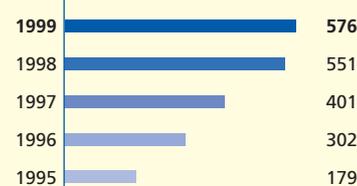
Finance contracts signed: 576 million

of which

Individual loans: 442 million

Global loans: 100 million

ASAP "SME Window": 34 million



Individual loans centred on the energy sector (19 million), transport (38 million), telecommunications (200 million), urban infrastructure (17 million) and industry (168 million).

Finance contracts signed in 1999:

Individual loans

Rehabilitation of combined heat and power plant and improvements to urban infrastructure in Tampere

City of Tampere _____ 30.3 ▼✦

Improvements to municipal services and port facilities in Kotka

Kotkan Satama Oy _____ 10.0 ■●▼✦

Modernisation of six sections of rail network

Suomen Tasavalta (Republic of Finland) _____ 33.6 ■●

Upgrading and extension of fixed and mobile telecommunications networks

Sonera Oyj _____ 200.0 ■●

Modernisation of pulp production at seven paper mills

UPM - Kymmene Corp. _____ 168.0 ■✦

Global loans

For financing small and medium-scale infrastructure schemes

Municipality Finance Ltd _____ 100.0

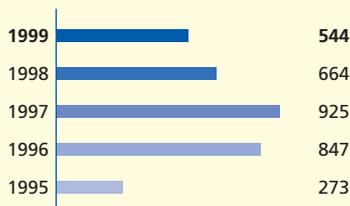
Operations under ASAP "SME Window"

- *Eqvitec Technology Mezzanine Fund ILP* _____ 16.8

- *CapMan FinnVenture VET* _____ 16.8



Mobile telephony



Computerisation
in schools
and colleges



Sweden



Finance contracts signed: 544 million
of which
Individual loans: 533 million
Global loans: 11 million

Individual loans were divided sectorally between energy (72 million), transport (209 million), water and waste management (39 million), upgrading of urban infrastructure (16 million), as well as industry and services (140 million). In addition, 57 million was advanced in support of education facilities.

Finance contracts signed in 1999:

Individual loans

Extension and modernisation of district heating, cooling and power supply networks in:

- Greater Stockholm area <i>Stockholm Energi AB</i> _____	38.2	▼
- Göteborg <i>Göteborg Energi AB</i> _____	28.6	▼+
Construction of a combined heat and power plant in Eskilstuna, near Stockholm <i>Eskilstuna Energi och Miljö AB</i> _____	5.7	▼+
Construction of a waste incineration plant for heat and power generation in Umeå <i>Umeå Energi AB</i> _____	27.3	▼+
Renewal of short and medium-haul fleet <i>Scandinavian Airline System SAS</i> _____	106.6	●
Construction of Öresund rail - road fixed link between Malmö (Sweden) and Copenhagen (Denmark) <i>Öresundskonsortiet</i> _____	102.1	●
Extension and modernisation of regional wastewater treatment plant in Lidingö, in Greater Stockholm area <i>Käppalaförbundet</i> _____	11.4	+

Upgrading and extension of urban infrastructure in municipality of Umeå
Umeå Kommun _____

16.2

+

Environmental and energy efficiency investment at two refineries in Göteborg and Lysekil on west coast
Preem Petroleum AB _____

41.4

▼+

Modernisation and expansion of specialty metals manufacturing plants in Sandviken, north of Stockholm
Sandvik AB _____

31.0

■

Upgrading of pulp production capacity and construction of a new sawmill in Mönsterås, north of Kalmar
Södra Skogsägarna Ekonomisk Förening _____

44.8

■*

Construction of thirteen mail sorting centres throughout Sweden
Posten AB _____

23.3

■●

Modernisation and extension of primary and secondary schools in Malmö
City of Malmö _____

56.7

▲

Global loans

For financing small and medium-scale infrastructure schemes
Kommuninvest i Sverige AB _____

10.5

Projects financed

under Article 18 of the Statute

Under the second paragraph of Article 18 (1) of its Statute, the EIB provided a loan of 96.6 million for a project of direct interest to the European Union but located outside the territory of the Member States (Norway).

Finance contracts signed in 1999:

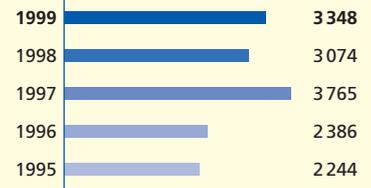
Individual loans

Construction of a 2x2-lane toll motorway on E18 corridor in Vestfold County <i>E18 Vestfold AS</i> _____	96.6	●
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United Kingdom

Finance contracts signed: 3 348 million
of which
Individual loans: 2 800 million
Global loans: 494 million
ASAP "SME Window": 54 million



Individual loans were directed towards energy (459 million), transport (1 102 million), telecommunications (381 million), water management and urban renewal (385 million) and industry (473 million).

Finance contracts signed in 1999:

Individual loans

Extension and refurbishment of electricity transmission and supply networks in north of Scotland <i>Scottish and Southern Energy plc</i> _____	304.7	■ ▼
Upgrading and renewal of electricity transmission and supply networks in Northern Ireland <i>Northern Ireland Electricity plc</i> _____	154.4	■ ▼
Upgrading of rail link between London and Glasgow <i>Railtrack plc</i> _____	617.8	● ●
Construction of new freight handling centre at Heathrow airport, London <i>British Airways plc</i> _____	141.8	●
Modernisation of long-haul fleet <i>British Airways plc</i> _____	297.7	●
Modernisation and capacity expansion at the Ports of Liverpool (Merseyside) and Sheerness (Kent) <i>The Mersey Docks and Harbour Co</i> _____	45.0	● ●
Improvements to water supply, sewerage and sewage disposal infrastructure in:		
- the Midlands <i>Severn Trent Water Ltd</i> _____	154.4	■ †
- South West <i>Wessex Water Services Ltd</i> _____	154.4	†
Integration of existing fixed-line telephone and cable television networks into combined voice telephony, data transmission and multimedia network <i>Cable & Wireless Communications plc</i> _____	380.9	■ ●
Construction and refurbishment of social housing and vocational training premises in urban regeneration areas		
<i>THFC (Social Housing Finance) Ltd</i> _____	61.0	■ †
<i>The Housing Finance Corporation Ltd</i> _____	15.2	■ †
Extension and modernisation of vitamin production facility at Dalry (Scotland) <i>Roche Products Ltd</i> _____	120.1	■ †
Construction of chipboard plant in Knowsley (Merseyside) <i>Sonae (UK) Ltd</i> _____	52.5	■ †
Modernisation of Halewood plant (Merseyside) and adaptation to environmental standards in various plants of Ford group in UK and continental Europe <i>Ford Motor Co. Ltd</i> _____	300.0	■ †

Global loans

For financing small and medium-scale ventures	
- <i>Barclays Bank plc</i> _____	456.8
- <i>Lloyds Bank plc</i> _____	37.5

Operations under ASAP "SME Window"

- <i>The Baring English Growth Funds</i> _____	46.3
- <i>Midland Enterprise Fund (MEF) for the North West</i> _____	2.4
- <i>HSBC Fund for Wales & HSBC Fund for Yorkshire and Humberside</i> _____	2.4
- <i>MEF for the South East</i> _____	1.5
- <i>MEF for the South West</i> _____	1.1



Lending outside the European Union

Financing provided in 1999 (EUR million)

	Total	Own resources	Risk capital*
Candidate Countries	2 373	2 373	
Central and Eastern Europe (of which Pre-Accession Facility)	2 173 (1 267)	2 173 (1 267)	
Cyprus (of which Pre-Accession Facility)	200 (200)	200 (200)	
Euro-Mediterranean Partnership Countries (excluding Cyprus)	802	745	56
ACP/OCT	341	196	145
South Africa	150	150	
Asia and Latin America	310	310	
Western Balkans	60	60	
Total	4 035	3 834	201

* Funded from EU or Member States' budgetary resources

Note:

In the following list, loans from own resources are indicated by ❖, and financing operations from budgetary resources by ■.

The amounts relating to projects featured in this list are expressed in millions of euro.

The amounts of loans financed under the Pre-Accession Facility appear in italics.

1999	2 373
1998	2 375
1997	1 541
1996	1 156
1995	981

Candidate Countries

Romania

395.5

Rehabilitation of district heating network in municipality of Cluj-Napoca

Romania 3.5 ❖

Rehabilitation and completion of construction of motorways on Pan-European Transport Corridor IV

Romania 210.0 ❖

Modernisation of tram network in Bucharest

Romania 63.0 ❖

Renewal of rolling stock and infrastructure completion for Bucharest underground railway system

Romania 60.0 ❖

Modernisation of tram network in Timisoara

Romania 19.0 ❖

Acquisition of ATR-42 aircraft by flagship carrier TAROM and rehabilitation of airline's maintenance hangar at Bucharest Otopeni Airport

Romania 40.0 ❖

Slovenia

375.0

Construction of motorway section between Blagovica and Vransko on Priority Corridor V of Trans-European Road Network

Druzba za Avtoceste v Republiki Sloveniji d.d. (DARS) 175.0 ❖

Construction of motorway section between Kozina et Srmin on Priority Corridor V of Trans-European Road Network

Druzba za Avtoceste v Republiki Sloveniji d.d. (DARS) 160.0 ❖

Extension of the first national GSM mobile telephone network
Mobitel Telekomunikacisjke Storitve DD 40.0 ❖

Poland 347.0

Modernisation of Minsk-Mazowiecki-Terespol section of E20 railway link between Warsaw and Terespol (Belarus border)
Polskie Koleje Panstwowe 200.0 ❖

Financing for small and medium-scale ventures
Global loan to HypoVereinsbank Polska SA 100.0 ❖

Financing for small and medium-scale ventures
Global loan to BRE Bank SA 47.0 ❖

Slovak Republic 270.0

Modernisation of railway network and purchase of rolling stock
Zeleznice Slovenskej Republiky 200.0 ❖

Construction of a car production plant in Bratislava
Volkswagen Slovakia, a.s. 40.0 ❖

Financing for small and medium-scale ventures
Global loan to Bayerische Hypo- und Vereinsbank AG, HypoVereinsbank Slovakia, a.s. 30.0 ❖

Czech Republic 270.0

Construction of bypasses and improvements to European trunk road network
Konsolidacni Banka Praha, spu 100.0 ❖

Rehabilitation of priority sections of road and motorway network
Konsolidacni Banka Praha, spu 95.0 ❖

Rehabilitation and extension of water supply and sewerage networks in Prague
City of Prague 50.0 ❖

Financing for small and medium-scale ventures
Global loan to HypoVereinsbank CZ, a.s. 25.0 ❖

Hungary 170.0

Construction of combined heat and power plant for energy supply to chemicals production facility in Kazincbarcika, north-eastern Hungary
BC – Eroemue Kft 20.0 ❖

Construction of new combined heat and power plant on site of existing heat and power station in Debrecen, eastern Hungary
Debreceni Kominalt Ciklusu Eroemue Kft 15.0 ❖

Construction of diesel injection pump manufacturing plant in Székesfehérvár, south-west of Budapest
Denso Manufacturing Hungary Kft 35.0 ❖

Installation of a delayed coker at Duna refinery and upgrading of service station network
Magyar Olaj-és Gázipari Rt (MOL) 50.0 ❖

Financing for small and medium-scale ventures
Global loan to Raiffeisen Bank Rt 30.0 ❖

Financing for small and medium-scale ventures
Global loan to Bank Austria Creditanstalt Hungary Rt 20.0 ❖

Bulgaria 128.0

Upgrading of the Plovdiv-Dimitrovgrad-Svilengrad rail line
Republic of Bulgaria 80.0 ❖

Construction of wastewater treatment plants and sewage collectors in three towns in lower Maritsa basin
Republic of Bulgaria 28.0 ❖

Financing for small and medium-scale ventures
Global loan to HypoVereinsbank Bulgaria GmbH 20.0 ❖

Latvia 98.0

Upgrading of Ventspils port infrastructure
Ventspils Port Authority 8.0 ❖

Modernisation of fixed-line telephone network
Lattelekom Ltd 50.0 ❖

Refurbishment and upgrading of environmental and other municipal infrastructure
Republic of Latvia 20.0 ❖

Financing for small and medium-scale ventures
Global loan to Vereinsbank Riga AIS 20.0 ❖

Lithuania 84.0

Modernisation of railway infrastructure
Republic of Lithuania 18.0 ❖

Expansion and development of GSM mobile telecommunications network
UAB Bite GSM 45.0 ❖

Rehabilitation and modernisation of wastewater treatment plant at Panevezys
Republic of Lithuania 6.0 ❖

Rehabilitation and upgrading of environmental protection and other municipal infrastructure
Republic of Lithuania 15.0 ❖

Estonia 35.0

Rehabilitation and upgrading of sections of Via Baltica and Tallinn-Narva road
Republic of Estonia 15.0 ❖

Financing for small and medium-scale ventures
Global loan to Eesti Hispank (Union Bank of Estonia) 20.0 ❖

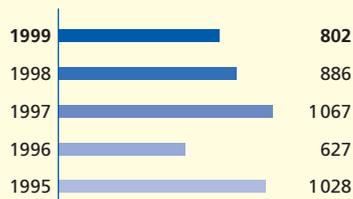
Cyprus 200.0

Second phase of construction of oil-fired power station at Vasilikos, on south coast
Electricity Authority of Cyprus 100.0 ❖

Extension and upgrading of main road network
Republic of Cyprus 100.0 ❖



Port of Klaipeda



Euro-Mediterranean Partnership Countries (excluding Cyprus)

Maghreb Countries 395.4

Morocco 263.0

Track realignment and dualling of rail line between Sidi Kacem and Fez

Office National des Chemins de fer - ONCF 55.0 ❖

Acquisition of port equipment and modernisation of infrastructure at eight major ports

Office d'Exploitation des Ports 30.0 ❖

Modernisation and upgrading of breakwaters and jetties in six of Morocco's main ports

Kingdom of Morocco 32.0 ❖

Rehabilitation and extension of wastewater and stormwater network and construction of a treatment plant in Meknès

Régie autonome de distribution d'eau et d'électricité de Meknès 23.0 ❖

Rehabilitation and extension of the wastewater and stormwater network and construction of a treatment plant in Agadir

Régie autonome Multiservices d'Agadir 21.0 ❖

Modernisation and environmental upgrading of sulphuric acid, phosphoric acid and fertiliser production units at two OCP chemical plants in Safi and Jorf Lasfar

Office Chérifien des Phosphates 100.0 ❖

Acquisition of equity participation

Conditional loan to Moussahama SPPP 2.0 ■

Conditional loan to Banque de Développement Economique de Tunisie, Banque de Tunisie SA, Compagnie Tunisienne d'Investissement et de Financement, Société de Participations et de Promotions des Investissements, Société d'Investissement et de Développement du Centre Ouest, Tuninvest Sicar, Tunisie Leasing, Tunisie Sicar 30.0 ■

Building up equity and quasi-equity of company specialised in management of high-quality hotels

Conditional loan to Banque de Tunisie SA 4.3 ■

Mashreq Countries 298.3

Egypt 188.3

Construction of gas pipeline from Suez Canal to Meet Nama (north of Cairo)

Egyptian Natural Gas Co. - GASCO 28.3 ❖

Upgrading and extension of Alexandria's wastewater collection and treatment system

Arab Republic of Egypt 30.0 ❖

Construction of hydrocracking unit and related equipment at Suez

MISR Oil Processing Company SAE 100.0 ❖

Construction of air separation plant near Alexandria for production of industrial gases

Messer Gases Dekheila SAE 5.0 ❖

Financing of environmentally-friendly infrastructure serving hotel and other tourism projects in South Sinai and Red Sea areas

Global loan to National Bank of Egypt 25.0 ❖

Jordan 80.0

Development of Eshidiya phosphate mine in south-east Jordan

Jordan Phosphate Mines Company Ltd 30.0 ❖

Construction of production plant for chemical fertiliser and animal feed in Aqaba

Kemira Arab Potash Co. Ltd 30.0 ❖

Construction of new manufacturing facilities for bromine and bromine derivatives at Safi, on southern shore of Dead Sea

Jordan Bromine Company Ltd 20.0 ❖

Lebanon 30.0

Financing for industrial modernisation ventures

Global loan to Republic of Lebanon 30.0 ❖

Other 108.0

Turkey 90.0

Expansion and rehabilitation of sewer network in Tarsus on south coast; construction of stormwater drainage network and biological wastewater treatment facility

Republic of Turkey 38.0 ❖

Tunisia 132.4

Improvements to urban road networks of Greater Tunis and other major cities

Republic of Tunisia 53.1 ❖

Landfill site development for disposal of gypsum (waste product from fertiliser production at Gabès)

Groupe Chimique Tunisien - GCT 45.0 ❖

Building up equity of private companies undergoing modernisation and public companies recently privatised or in the course of being privatised



Rehabilitating the road network in Gaza

Financing for combined-cycle plants for autoproduction of heat and power to cover industrial needs

Global loan to		
- <i>Sinaiyatirim Bankasi AS (SYKB)</i>	20.0	❖
- <i>Turkiye Sinai Kalkinma Bankasi AS (TSKB)</i>	20.0	❖

Financing of participation in investment funds

Conditional global loan to <i>Turkiye Sinai Kalkinma Bankasi AS (TSKB)</i>	12.0	■
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Gaza-West Bank 18.0

Rehabilitation of small and medium-scale transport, water supply, sewerage and solid waste disposal infrastructure serving smaller communities		
<i>Palestinian National Authority</i>	10.0	❖

Financing for small and medium-scale ventures and temporary participation in PBC's share capital

Conditional global loan to <i>Palestinian Banking Corp.</i>	8.0	■
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African, Caribbean, Pacific (ACP) States and OCT

Africa 286.9

East Africa 94.0

Kenya 73.0

Construction of new geothermal power station with associated transmission lines and sub-stations in Nairobi		
<i>Republic of Kenya for Kenya Power and Distribution Company Ltd</i>	41.0	❖

Installation of new sheet steel galvanising line at plant in Mariakani, near Mombasa		
- <i>Mabati Rolling Mills Ltd</i>	5.0	❖
- Conditional loans to <i>Mabati Rolling Mills Ltd</i>	4.0	■

Financing for small and medium-scale ventures

Conditional global loan to <i>ABN Amro Bank, Barclays Bank of Kenya Ltd, Crédit Agricole Indosuez, Development Bank of Kenya Ltd, East African Development Bank, Industrial Development Bank Ltd, Kenya Commercial Bank Ltd, National Bank of Kenya Ltd, Stanbic Bank Kenya Ltd, Standard Chartered Bank Kenya Ltd</i>	23.0	■
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Uganda 11.0

Creation of second national fixed and mobile telecommunications network		
- <i>MTN - Mobile Telephone Network Uganda Ltd</i>	6.5	❖
- Conditional loan to <i>MTN - Mobile Telephone Network Uganda Ltd</i>	3.5	■
- Conditional loan to <i>Development Finance Company of Uganda Ltd for MTN - Mobile Telephone Network Uganda Ltd</i>	1.0	■

Tanzania 9.0

Financing for small and medium-scale private-sector ventures		
Conditional global loan to <i>CRDB Bank Ltd, East African Development Bank and Stanbic Bank Tanzania Ltd</i>	9.0	■

Seychelles 1.0

Rehabilitation and extension of Le Nioi water storage and treatment plant on Mahé, the archipelago's main island		
Conditional loan to <i>Republic of Seychelles</i>	1.0	■

West Africa 93.0

Senegal 81.0

Development of national telecommunications network		
<i>Société Nationale des Télécommunications du Sénégal</i>	18.0	❖

Doubling of sulphuric and phosphoric acid production capacity at Darou plant and development of new phosphate deposit at Tobène		
<i>Industries Chimiques du Sénégal - ICS</i>	54.0	❖

Financing for small and medium-scale ventures		
Conditional global loan to <i>Banque Internationale pour le Commerce et l'Industrie du Sénégal, Compagnie Bancaire de l'Afrique Occidentale, Crédit Lyonnais Sénégal, Société Générale de Banques au Sénégal SA</i>	8.0	■

Financing for small and medium-scale ventures and leasing operations		
Conditional global loan to <i>Société Financière d'Équipement SA</i>	1.0	■

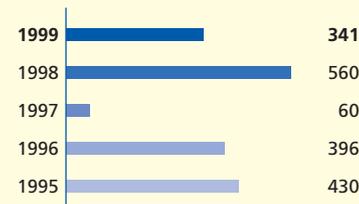
Mauritania 6.0

Mining of granite deposits in regions of Choum and Atar		
Conditional loan to <i>Granits et Marbres de Mauritanie SA</i>	3.0	■

Financing for small and medium-scale ventures		
Conditional global loan to <i>Générale de Banque de Mauritanie</i>	3.0	■

Regional - West Africa 6.0

Participation in regional enterprise fund for development of private-sector companies in West Africa		
Conditional loan to <i>West Africa Enterprise Fund</i>	6.0	■





Shrimp farming in Madagascar

Southern Africa	84.9	Central and Equatorial Africa	15.0
Mozambique	42.4	Cameroon	15.0
Interconnection between electricity transmission grids of South Africa, Swaziland and Mozambique and power supply to Mozal aluminium smelter in Mozambique		Financing for small and medium-scale private-sector ventures	
- Motraco-Companhia de Transmissao de Moçambique Sarl _____	17.4	- Global loan to Banque Internationale du Cameroun pour l'Epargne et le Credit, SCB Credit Lyonnais Cameroun, Standard Chartered Bank Cameroon SA _____	5.0
- Conditional loan to Electricidade de Moçambique _____	7.0	- Conditional global loan to Banque Internationale du Cameroun pour l'Epargne et le Credit, SCB Credit Lyonnais Cameroun, Standard Chartered Bank Cameroon SA _____	10.0
Modernisation and extension of cooking oil and soap plant		Caribbean	28.3
Conditional loan to Companhia Industrial do Monapo Sarl _____	1.0	Haiti	16.0
Rehabilitation and modernisation of sugar mill and sugar cane plantation, north of Maputo		Rehabilitation and expansion of water supply system of Pétion-Ville	
- Maragra Açúcar Sarl _____	3.5	Conditional loan to Republic of Haiti for Centrale Autonome Métropolitaine d'Eau Potable _____	16.0
- Conditional loan to Maragra Açúcar Sarl _____	3.5	Dominica	10.0
Financing for small and medium-scale ventures		Construction of thermal power plant at Tarou Cliffs, on west of island	
Conditional global loan to Banco Austral Sarl, Banco Comercial de Moçambique Sarl, Banco Comercial e de Investimento, Banco de Fomento, Banco International de Moçambique, Banco Standard Totta de Moçambique, ulc (Moçambique) Sarl _____	10.0	Dominica _____	10.0
Zimbabwe	13.5	Regional - Caribbean	2.0
Rehabilitation of part of national electricity transmission network in central and south-eastern Zimbabwe		Acquisition of equity participation in Tiona Fund for financing equity or quasi-equity of small private-sector companies	
Zimbabwe Electricity Supply Authority (ZESA) _____	12.0	Conditional loan to The Tiona Fund Ltd _____	2.0
Development and operation of open-cast copper mine at Sanyati		Trinidad and Tobago	0.3
Conditional loan to Munyati Mining Company Ltd _____	1.5	Feasibility study for establishment of micro-credit institution	
Namibia	13.0	Conditional loan to Development Finance Ltd DFC _____	0.3
Modernisation and expansion of water, sewerage, electricity supply and road infrastructure in Windhoek		Pacific	7.0
- Republic of Namibia _____	10.5	Vanuatu	5.0
- Conditional loan to Republic of Namibia for the town of Windhoek _____	2.5	Modernisation of country's principal airport at Port Vila on Efate island	
Madagascar	9.0	Conditional loan to Republic of Vanuatu _____	5.0
Construction of a shrimp farm		Kiribati	2.0
Conditional loan to Société Aquaculture de la Mahajamba _____	1.0	Financing for small and medium-scale ventures	
Financing for small and medium-scale ventures		- Conditional loan to Republic of Kiribati _____	0.5
Conditional global loan to BFV - Société générale, Banque Malgache de l'Océan Indien (BMOI), BNI - Crédit Lyonnais Madagascar, Union Commercial Bank (UCB) _____	8.0	- Conditional global loan to Development Bank of Kiribati _____	1.5
Swaziland	7.0	OCT	19.0
Interconnection between electricity transmission grids of South Africa, Swaziland and Mozambique and power supply to Mozal aluminium smelter in Mozambique		French Polynesia	10.0
Conditional loan to Swaziland Electricity Board _____	7.0	Financing for small and medium-scale ventures	
		- Global loan to Banque Socredo _____	5.0
		- Conditional global loan to Banque Socredo _____	5.0
		British Virgin Islands	5.0
		Expansion of international airport facilities on Beef Island	
		British Virgin Islands _____	5.0



Aruba 2.5

Financing for small and medium-scale ventures

- Global loan to Aruban Investment Bank	2.0	❖
- Conditional global loan to Aruban Investment Bank NV	0.5	■

Falkland Islands 1.5

Expansion of fuel storage capacity in the Falkland Islands

Stanley Services Ltd	1.5	❖
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South Africa

South Africa 149.6

Expansion of Mossel Bay gas field	40.0	❖
Central Energy Fund		

Interconnection between electricity transmission grids of South Africa, Swaziland and Mozambique and power supply to Mozal aluminium smelter in Mozambique

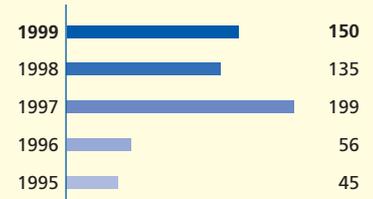
Motraco-Companhia de Transmissao de Moçambique Sarl	14.6	❖
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Modernisation and upgrading of toll road between Gauteng and Kwazulu-Natal

N3 Toll Concession (PTY) Ltd	45.0	❖
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Financing for small and medium-scale ventures, primarily in the water and sewerage sectors

Global loan to Development Bank of Southern Africa	50.0	❖
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Asia and Latin America

Asia and Latin America 310.1

Brazil 153.7

Modernisation and expansion of a mobile telephone network in southern state of Rio Grande do Sul

Celular CRT SA	57.7	❖
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Modernisation of tyre factory

Pirelli Pneus SA	37.0	❖
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Financing for small and medium-scale ventures

Global loan to Banco ABN Amro SA and Banco BBA Creditanstalt SA	59.0	❖
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Regional - Central America 35.0

Financing for reconstruction schemes and expansion of private-sector ventures in areas affected by Hurricane Mitch, in industrial, service, energy, telecommunications and environmental sectors

Global loan to Banco Centroamericano de Integración Económica	35.0	❖
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Mexico 26.6

Construction and operation of gas distribution network in Mexico City

Consorcio Mexi-Gas	26.6	❖
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Thailand 70.0

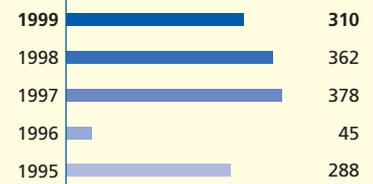
Construction and operation of natural gas-fired combined-cycle power plant in Chonburi industrial estate, south-east of Bangkok

Bowin Power Company Ltd	70.0	❖
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China 24.8

Construction of a drinking water treatment plant in Chengdu (Sichuan province)

Chengdu Générale des Eaux - Marubeni Waterworks Co. Ltd	24.8	❖
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Western Balkans

Former Yugoslav Republic of Macedonia (FYROM) 60.0

Construction of Skopje bypass and upgrading of north-south highway

Former Yugoslav Republic of Macedonia	60.0	❖
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Gas supplies



Statistical annex

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Table A: Individual loans provided within the European Union in 1999
Breakdown by country and objective ⁽¹⁾

(EUR million)

	Regional development	Human capital *	European communications infrastructure	Natural and urban environment	Energy	Industrial competitiveness
Belgium	—	—	—	50	—	27
Denmark	541	—	775	123	8	—
Germany	1 488	351	662	976	259	419
Greece	1 369	—	583	336	77	16
Spain	2 726	51	1 644	812	677	—
France	851	34	1 222	255	43	—
Ireland	—	—	—	—	—	—
Italy	1 546	79	1 923	439	482	57
Luxembourg	—	—	105	—	—	—
Netherlands	—	—	—	100	—	—
Austria	—	—	117	97	220	18
Portugal	1 598	—	1 185	193	166	—
Finland	412	—	244	208	40	168
Sweden	141	57	232	131	141	45
United Kingdom	2 206	—	1 483	858	459	—
Other (Art.18) ⁽²⁾	—	—	97	—	—	—
Total	12 877	571	10 269	4 577	2 571	749

(1) As certain financing operations meet several objectives, the totals for the various headings cannot be meaningfully added together.

(2) Financing akin to operations within the European Union authorised under the second paragraph of Article 18(1) of the Bank's Statute.

Table B: Individual loans provided within the European Union from 1995 to 1999
Breakdown by country and objective

(EUR million)

	Regional development	Human capital *	European communications infrastructure	Natural and urban environment	Energy	Industrial competitiveness
Belgium	1 263	—	1 801	312	92	64
Denmark	1 936	—	2 928	654	487	106
Germany	7 714	918	2 649	4 461	2 439	1 407
Greece	3 434	70	1 768	441	782	16
Spain	10 301	434	6 476	3 405	1 968	9
France	3 967	56	3 943	1 283	103	992
Ireland	381	—	98	120	96	—
Italy	9 798	79	6 701	4 799	2 488	1 419
Luxembourg	79	—	293	79	79	—
Netherlands	—	—	616	787	260	160
Austria	503	—	508	414	576	515
Portugal	6 833	126	3 643	1 871	954	11
Finland	1 016	—	1 255	524	212	168
Sweden	1 115	57	1 879	737	727	199
United Kingdom	8 105	56	5 388	4 625	2 373	750
Other (Art.18)	—	—	840	75	619	—
Total	56 443	1 796	40 786	24 587	14 253	5 816

* Following the conclusions of the Cologne Summit, in July 1999 the eligibility criteria for projects in the health sector were aligned with those for education.

Table C: Loans provided within the European Union in 1999
Breakdown by country and sector

(EUR million)

	Total	Individual loans	Infrastructure			Industry Services Agriculture	Health Education	Global loans (*)
			Communications	Water management and sundry	Energy			
Belgium	226	77	—	50	—	27	—	149
Denmark	898	898	864	8	—	27	—	—
Germany	5 534	2 292	560	575	209	597	351	3 243
Greece	1 436	1 369	903	300	77	89	—	67
Spain	4 048	3 147	1 967	144	677	308	51	901
France	4 295	1 507	1 404	69	—	—	34	2 789
Ireland	87	—	—	—	—	—	—	87
Italy	4 053	2 920	1 923	325	420	174	79	1 133
Luxembourg	105	105	105	—	—	—	—	—
Netherlands	311	100	—	100	—	—	—	211
Austria	606	343	117	20	129	78	—	263
Portugal	1 603	1 598	1 185	193	120	100	—	5
Finland	576	442	238	17	19	168	—	134
Sweden	544	533	209	55	73	141	57	10
United Kingdom	3 348	2 800	1 483	385	459	473	—	548
Other (Art.18)	97	97	97	—	—	—	—	—
Total	27 765	18 226	11 052	2 240	2 182	2 181	571	9 539

(*) of which: - "Standard" global loans 6 369
- "Portfolio" global loans 2 962
- Operations under ASAP "SME Window" (excl. ETF) 209

Table D: Loans provided within the European Union from 1995 to 1999
Breakdown by country and sector

(EUR million)

	Total	Individual loans	Infrastructure			Industry Services Agriculture	Health Education	Global loans (*)
			Communications	Water management and sundry	Energy			
Belgium	3 546	2 292	1 801	250	92	149	—	1 254
Denmark	3 893	3 721	3 090	97	220	313	—	173
Germany	19 958	9 945	2 180	2 572	2 186	2 089	919	10 012
Greece	4 148	3 434	2 193	300	782	89	70	714
Spain	15 289	11 731	7 341	1 389	1 633	934	434	3 558
France	14 568	6 130	4 659	275	—	1 140	56	8 438
Ireland	1 074	381	121	83	96	54	27	693
Italy	19 513	13 972	6 077	2 356	3 139	2 322	79	5 541
Luxembourg	389	372	293	—	—	79	—	17
Netherlands	2 220	1 563	616	648	140	160	—	657
Austria	2 251	1 675	508	144	407	616	—	575
Portugal	6 983	6 833	5 057	589	867	195	126	150
Finland	2 009	1 714	1 249	17	140	308	—	295
Sweden	3 252	3 095	1 975	235	534	295	57	157
United Kingdom	14 817	12 302	5 594	2 483	2 604	1 565	56	2 516
Other (Art.18)	1 483	1 483	840	24	619	—	—	—
Total	115 392	80 643	43 593	11 464	13 457	10 306	1 823	34 749

(*) of which: - "Standard" global loans 28 608
- "Portfolio" global loans 5 664
- Operations under ASAP "SME Window" (excl. ETF) 477

Table E: Loans provided within the European Union in 1999

Detailed breakdown by sector

(EUR million)

	Amount	% of individual loans	% of total
Energy and infrastructure	15 474	84.9	55.7
Energy	2 182	12.0	7.9
Production	609	3.3	2.2
Electricity	387	2.1	1.4
Oil and natural gas	200	1.1	0.7
Heat	22	0.1	0.1
Transmission and supply	1 574	8.6	5.7
Electricity	1 442	7.9	5.2
Oil and natural gas	71	0.4	0.3
Heat	61	0.3	0.2
Transport	8 926	49.0	32.1
Roads, motorways	3 605	19.8	13.0
Air transport	2 015	11.1	7.3
Railways	1 736	9.5	6.3
Urban transport	974	5.3	3.5
Exceptional structures	547	3.0	2.0
Maritime transport	49	0.3	0.2
Telecommunications	2 126	11.7	7.7
Networks, exchanges and international cables	1 702	9.3	6.1
Mobile telephony	424	2.3	1.5
Water, sewerage, solid waste	1 259	6.9	4.5
Water catchment, treatment and supply	733	4.0	2.6
Sewerage and waste management	524	2.9	1.9
Urban infrastructure	980	5.4	3.5
Urban renewal	523	2.9	1.9
Urban development schemes	457	2.5	1.6
Industry, services, health, education, agriculture	2 752	15.1	9.9
Industry	1 688	9.3	6.1
Pulp, paper products; publishing and printing	590	3.2	2.1
Transport equipment	312	1.7	1.1
Chemicals and chemical products	259	1.4	0.9
Electrical engineering and electronics	150	0.8	0.5
Refined petroleum products	114	0.6	0.4
Food products and beverages	81	0.4	0.3
Other non-metallic mineral products	55	0.3	0.2
Woodworking and wood products	53	0.3	0.2
Basic metals and metal products	31	0.2	0.1
Rubber and plastics	27	0.1	0.1
Machinery and equipment	15	0.1	0.1
Services	478	2.6	1.7
Private and public-sector services	256	1.4	0.9
Community, social and individual services	115	0.6	0.4
Wholesale and retail trade	102	0.6	0.4
Research and development	5	—	—
Health, education	571	3.1	2.1
Health	317	1.7	1.1
Education, training	254	1.4	0.9
Agriculture, fisheries, forestry	15	0.1	0.1
Total: individual loans	18 226	100.0	65.6
Total: global loans	9 539	—	34.4
Grand total	27 765	—	100.0

Table F: Loans provided within the European Union from 1995 to 1999

Detailed breakdown by sector

(EUR million)

	Amount	% of individual loans	% of total
Energy and infrastructure	68 514	85.0	59.4
Energy	13 457	16.7	11.7
Production	6 653	8.3	5.8
Electricity	4 577	5.7	4.0
Oil and natural gas	1 328	1.6	1.2
Heat	748	0.9	0.6
Transmission and supply	6 803	8.4	5.9
Oil and natural gas	3 316	4.1	2.9
Electricity	3 245	4.0	2.8
Heat	243	0.3	0.2
Transport	33 628	41.7	29.1
Roads, motorways	12 422	15.4	10.8
Railways	9 089	11.3	7.9
Air transport	5 180	6.4	4.5
Urban transport	3 607	4.5	3.1
Exceptional structures	2 714	3.4	2.4
Maritime transport	555	0.7	0.5
Intermodal freight terminals and other	61	0.1	0.1
Telecommunications	9 965	12.4	8.6
Networks, exchanges and international cables	5 589	6.9	4.8
Mobile telephony	3 719	4.6	3.2
Satellites, ground stations	657	0.8	0.6
Water, sewerage, solid waste	6 814	8.4	5.9
Water catchment, treatment and supply	3 463	4.3	3.0
Sewerage and waste management	3 351	4.2	2.9
Urban infrastructure	4 650	5.8	4.0
Urban renewal	2 814	3.5	2.4
Urban development schemes	1 836	2.3	1.6
Industry, services, health, education, agriculture	12 129	15.0	10.5
Industry	8 566	10.6	7.4
Transport equipment	3 420	4.2	3.0
Chemicals and chemical products	1 306	1.6	1.1
Pulp, paper products; publishing and printing	944	1.2	0.8
Electrical engineering and electronics	813	1.0	0.7
Refined petroleum products	622	0.8	0.5
Basic metals and metal products	467	0.6	0.4
Machinery and equipment	343	0.4	0.3
Food products and beverages	212	0.3	0.2
Other non-metallic mineral products	190	0.2	0.2
Rubber and plastics	111	0.1	0.1
Woodworking and wood products	109	0.1	0.1
Textiles and textile products	30	—	—
Services	1 599	2.0	1.4
Private and public-sector services	878	1.1	0.8
Community, social and individual services	299	0.4	0.3
Wholesale and retail trade	294	0.4	0.3
Research and development	121	0.1	0.1
Tourism, leisure	7	—	—
Health, education	1 823	2.3	1.6
Health	1 018	1.3	0.9
Education, training	805	1.0	0.7
Agriculture, fisheries, forestry	141	0.2	0.1
Total: individual loans	80 643	100.0	69.9
Total: global loans	34 749	—	30.1
Grand total	115 392	—	100.0

Table G: Breakdown of loans by region in 1999 and from 1995 to 1999

This analytical table is based on NUTS 1 or 2 regional classification, depending on the country concerned. Where possible, individual loans covering several regions have been subdivided. EUROSTAT 1999 estimates of per capita GDP expressed in terms of purchasing power parities (EU15 = 100). 1998 unemployment rate (EU15 = 10.1). 1996 population figures.

(Amounts in EUR million)

	<i>GDP per capita</i>	<i>Unemployment rate (%)</i>	<i>Population (‘000)</i>	1999	1995-1999
Belgium	112	9.3	10 157	226	3 546
Bruxelles-Brussel	173	14.3	949	—	283
Vlaams Gewest	115	6.2	5 890	77	531
Région wallonne	89	13.5	3 318	—	524
Multiregional	—	—	—	—	953
Global loans	—	—	—	149	1 254
Denmark	119	5.4	5 262	898	3 893
Hovedstadsregionen	—	—	—	225	1 131
Oest for Storebælt	—	—	—	171	1 046
Vest for Storebælt	—	—	—	171	873
Multiregional	—	—	—	330	671
Global loans	—	—	—	—	173
Germany	108	9.8	81 896	5 534	19 958
Hamburg	192	8.4	1 708	193	392
Bremen	149	11.9	679	51	420
Hessen	148	7.1	6 017	—	273
Baden-Württemberg	124	6.0	10 344	129	594
Bayern	124	5.7	12 016	321	755
Nordrhein-Westfalen	110	8.7	17 916	138	625
Saarland	105	9.6	1 084	165	220
Schleswig-Holstein	103	7.3	2 733	—	56
Niedersachsen	102	8.8	7 796	15	347
Berlin	102	13.7	3 465	285	1 814
Rheinland-Pfalz	94	6.8	3 988	130	181
Brandenburg	67	17.6	2 548	19	1 011
Sachsen	64	17.9	4 555	147	761
Sachsen-Anhalt	61	21.5	2 731	50	259
Mecklenburg-Vorpommern	61	19.6	1 820	209	373
Thüringen	61	18.5	2 497	233	390
Multiregional	—	—	—	206	1 473
Global loans	—	—	—	3 243	10 012
Greece	68	10.8	10 476	1 436	4 148
Attiki	77	12.2	3 448	1 096	2 002
Voreia Ellada	65	10.3	3 381	138	510
Kentriki Ellada	58	10.4	2 635	58	141
Multiregional	—	—	—	77	781
Global loans	—	—	—	67	714
Spain	79	19.1	39 669	4 048	15 289
Madrid	101	17.0	5 021	499	1 274
Cataluña	99	14.3	6 087	288	1 373
Navarra	98	9.3	520	29	112
Baleares	97	11.5	762	16	357
País Vasco	92	17.9	2 096	201	635
La Rioja	89	11.7	265	29	39
Aragón	89	11.4	1 187	154	377
Cantabria	77	18.6	527	12	163
Castilla-León	76	18.9	2 506	118	428
Comunidad Valenciana	74	17.4	4 012	290	1 041
Canarias	74	19.8	1 609	116	300
Asturias	74	20.5	1 087	20	143
Murcia	67	17.4	1 098	38	125
Castilla La Mancha	66	16.9	1 713	118	305
Galicia	63	17.2	2 741	62	940
Andalucía	57	29.9	7 240	142	1 332
Extremadura	55	28.8	1 070	192	326
Multiregional	—	—	—	823	2 462
Global loans	—	—	—	901	3 558

Table G: Breakdown of loans by region in 1999 and from 1995 to 1999 (continued)

(Amounts in EUR million)

	<i>GDP per capita</i>	<i>Unemployment rate (%)</i>	<i>Population (‘000)</i>	1999	1995-1999
France	104	11.4	58 372	4 295	14 568
Ile-de-France	160	10.4	11 044	89	384
Haute-Normandie	106	12.9	1 783	—	169
Alsace	105	7.0	1 708	61	61
Rhône-Alpes	100	9.8	5 625	206	1 249
Franche-Comté	93	8.6	1 117	—	243
Centre	92	10.3	2 437	—	67
Provence-Côte d’Azur	92	15.1	4 465	—	456
Aquitaine	92	12.0	2 895	—	34
Pays de la Loire	91	10.4	3 166	25	56
Lorraine	89	10.1	2 311	—	454
Midi-Pyrénées	87	11.4	2 513	107	471
Bretagne	86	9.6	2 868	—	162
Poitou-Charentes	86	10.8	1 625	25	40
Nord - Pas-de-Calais	85	15.9	4 004	—	452
Picardie	85	14.1	1 866	15	268
Corse	82	13.7	261	6	6
Limousin	81	8.5	718	3	21
Languedoc-Roussillon	78	17.2	2 254	—	290
Overseas Departments	47	32.0	1 644	30	159
Multiregional	—	—	—	940	1 087
Global loans	—	—	—	2 789	8 438
Ireland	97	7.9	3 634	87	1 074
Italy	103	12.3	58 450	4 053	19 513
Emilia-Romagna	133	5.7	4 003	445	769
Lombardia	132	5.7	9 106	104	836
Trentino-Alto Adige	128	3.3	933	2	354
Friuli-Venezia Giulia	126	5.8	1 209	—	116
Veneto	124	5.2	4 524	69	481
Liguria	119	10.9	1 685	—	131
Piemonte	118	8.8	4 370	62	799
Lazio	114	12.3	5 305	490	1 720
Toscana	111	8.3	3 589	376	587
Marche	106	6.6	1 472	92	637
Umbria	98	8.9	843	42	146
Abruzzo	90	9.5	1 295	—	763
Molise	79	17.6	337	3	164
Sardegna	73	21.5	1 692	45	556
Puglia	71	21.2	4 160	16	530
Basilicata	69	18.5	620	262	922
Sicilia	66	25.6	5 191	70	951
Campania	66	24.9	5 880	202	989
Calabria	59	27.0	2 113	10	121
Multiregional	—	—	—	633	2 402
Global loans	—	—	—	1 133	5 541
Luxembourg	169	2.8	416	105	389
Netherlands	107	4.0	15 523	311	2 220
West-Nederland	115	3.9	7 250	—	991
Zuid-Nederland	104	3.6	3 431	100	100
Oost-Nederland	93	3.7	3 213	—	236
Multiregional	—	—	—	—	236
Global loans	—	—	—	211	657

Table G: Breakdown of loans by region in 1999 and from 1995 to 1999 (continued)

(Amounts in EUR million)

	<i>GDP per capita</i>	<i>Unemployment rate (%)</i>	<i>Population (‘000)</i>	1999	1995-1999
Austria	112	4.8	8 059	606	2 251
Ostösterreich	127	5.2	3 395	202	545
Westösterreich	108	3.9	2 894	18	270
Südösterreich	90	5.2	1 770	7	352
Multiregional	—	—	—	117	508
Global loans	—	—	—	263	575
Portugal	70	4.7	9 927	1 603	6 983
Lisboa e Vale do Tejo	89	5.7	3 312	27	2 138
Algarve	71	6.1	346	—	44
Norte	62	4.8	6 538	603	1 441
Centro	61	2.1	1 711	458	720
Alentejo	60	8.0	522	70	124
Madeira	54	3.7	258	—	95
Açores	50	4.0	242	—	6
Multiregional	—	—	—	439	2 263
Global loans	—	—	—	5	150
Finland	97	12.7	5 125	576	2 009
Uusimaa	130	8.8	1 319	19	269
Etelä-Suomi	91	13.2	1 813	198	614
Pohjois-Suomi	83	16.7	559	10	166
Väli-Suomi	83	13.0	706	—	115
Itä-Suomi	74	17.0	703	15	35
Multiregional	—	—	—	200	514
Global loans	—	—	—	134	295
Sweden	101	8.9	8 841	544	3 252
Stockholm	123	6.9	1 735	78	565
Mellersta Norrland	99	12.2	392	—	54
Smaland Med Öarna	98	6.7	809	45	122
Västsverige	98	9.1	1 755	41	411
Norra Mellansverige	97	10.6	860	31	31
Övre Norrland	97	11.1	525	43	147
Sydsverige	93	10.1	1 265	159	919
Östra Mellansverige	92	8.9	1 500	6	85
Multiregional	—	—	—	130	762
Global loans	—	—	—	10	157
United Kingdom	100	6.2	58 782	3 348	14 817
South East	107	4.1	7 893	263	2 505
Scotland	100	7.3	2 141	583	1 338
East Anglia	98	5.8	5 126	—	712
South West	95	4.5	4 840	212	397
East Midlands	94	4.7	4 140	130	388
West Midlands	93	6.2	5 315	178	976
North West	91	6.4	6 889	546	1 259
Yorkshire and Humberside	89	7.1	5 034	5	782
North	85	9.3	2 600	49	492
Wales	83	7.0	2 920	—	895
Northern Ireland	81	8.8	1 663	154	198
Multiregional	—	—	—	679	2 360
Global loans	—	—	—	548	2 516
Other (Art.18)	—	—	—	97	1 483
TOTAL			374 589	27 765	115 392

Table H: Conventions, financial protocols and decisions in force or under negotiation at 1 April 2000

(EUR million)

	Convention, Financial Protocol or Decision	Year of expiry	Loans from own resources ⁽¹⁾	Operations mounted from budgetary resources	
				Risk capital operations ⁽²⁾	Interest subsidies for EIB loans
African, Caribbean and Pacific States (ACP)					
Overseas Countries and Territories (OCT)					
ACP ⁽³⁾	2nd Financial Protocol	2000	1 658	1 000	yes
	Fourth Lomé Convention				
	Post-Lomé and Investment Facility	2005	1 700	2 200 ⁽⁵⁾	—
OCT ⁽⁴⁾	Council Decision	2000	35	30	yes
Republic of South Africa	Council Decision	2000	375	—	—
	Council Decision	2007	825	—	—
Mediterranean Countries⁽⁶⁾⁽⁷⁾	Council Decision	2000	2 310	200 ⁽⁸⁾	yes ⁽⁹⁾
	Council Decision	2007	6 425	—	—
Turkey	Council Decision - Turkey	2003	600	—	—
	Earthquake Reconstruction and Rehabilitation Assistance (TERRA)				
Central and Eastern European Countries⁽¹⁰⁾	Council Decision	2000	3 520	—	—
	Council Decision	2007	8 680	—	—
Former Yugoslav Republic of Macedonia (FYROM)	Financial Protocol	2000	150	—	20 ⁽¹¹⁾
Bosnia-Herzegovina	Council Decision	2000	100	—	19
Asian and Latin American Countries⁽¹²⁾	Council Decision	2000	900	—	—
	Council Decision	2007	2 480	—	—
Pre-Accession Facility⁽¹³⁾	EIB Facility	2000	3 500	—	—
Pre-Accession Facility II	EIB Facility	2003	8 500	—	—

(1) Loans attracting interest subsidies from the European Development Fund in the case of projects in the ACP States and the OCT. Amounts required for interest subsidies are financed from grant aid.

(2) Granted and managed by the EIB.

(3) Africa: Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, São Tomé e Príncipe, Senegal, Seychelles, Sierra Leone, Somalia, Sudan, Swaziland, Tanzania, Togo, Uganda, Zambia, Zimbabwe. Caribbean: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St Christopher and Nevis, St Lucia, St Vincent and the Grenadines, Suriname, Trinidad and Tobago. Pacific: Fiji, Kiribati, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu.

(4) Greenland, Mayotte, St Pierre and Miquelon, New Caledonia and Dependencies, French Polynesia, French Southern and Antarctic Territories, Wallis and Futuna, Aruba, Netherlands Antilles, Anguilla, British Antarctic Territory, British Indian Ocean Territory, British Virgin Islands, Cayman Islands, Falkland Islands, South Georgia and Sandwich Islands, Montserrat, Pitcairn Island, St Helena and Dependencies, Turks and Caicos Islands.

(5) Investment Facility under the European Development Fund, the proceeds of which granted and managed by the EIB.

(6) Algeria, Cyprus, Egypt, Gaza-West Bank, Israel, Jordan, Lebanon, Malta, Morocco, Syria, Tunisia, Turkey.

(7) Balances remaining under earlier financial protocols or the entire amounts originally provided for may be drawn on concomitantly.

(8) Indicative amount.

(9) For EIB loans in favour of environmental projects.

(10) Albania, Bosnia-Herzegovina, Bulgaria, Czech Republic, Estonia, Former Yugoslav Republic of Macedonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic, Slovenia.

(11) Reserved for interest subsidies on EIB loans for infrastructure projects of interest to the Community and to FYROM.

(12) Asia: Bangladesh, Brunei, China, India, Indonesia, Laos, Macao, Malaysia, Mongolia, Nepal, Pakistan, Philippines, Singapore, South Korea, Sri Lanka, Thailand, Vietnam, Yemen. Latin America: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela.

(13) For countries which have applied for membership of the European Union, i.e. Bulgaria, Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovak Republic, Slovenia.

Table I: Financing provided in the Candidate Countries in 1999

Breakdown by country and sector

(EUR million)

	Total	(of which Pre- Accession Facility)	Sector				
			Energy	Communications	Water management and sundry	Industry Services	Global loans
CENTRAL and EASTERN EUROPE (CEEC)	2 173	(1 267)	39	1 578	119	125	312
Romania	396	—	4	392	—	—	—
Slovenia	375	(375)	—	375	—	—	—
Poland	347	(347)	—	200	—	—	147
Czech Republic	270	(270)	—	195	50	—	25
Slovak Republic	270	—	—	200	—	40	30
Hungary	170	(170)	35	—	—	85	50
Bulgaria	128	—	—	80	28	—	20
Latvia	98	(70)	—	58	20	—	20
Lithuania	84	—	—	63	21	—	—
Estonia	35	(35)	—	15	—	—	20
CYPRUS	200	(200)	100	100	—	—	—
Total	2 373	(1 467)	139	1 678	119	125	312
(of which Pre-Accession Facility)							
CEEC	—	(1 267)	(35)	(835)	(50)	(85)	(262)
Cyprus	—	(200)	(100)	(100)	—	—	—

Table J: Financing provided outside the European Union in 1999 (excluding Candidate Countries)

Breakdown by country and sector

(EUR million)

	Total	Resources		Sector				
		own	budgetary	Energy	Communications	Water management and sundry	Industry Services	Global loans
EURO-MEDITERRANEAN PARTNERSHIP COUNTRIES	802	745	56	28	170	122	334	147
Morocco	263	261	2	—	117	44	100	2
Egypt	188	188	—	28	—	30	105	25
Tunisia	132	98	34	—	53	—	49	30
Turkey	90	78	12	—	—	38	—	52
Jordan	80	80	—	—	—	—	80	—
Lebanon	30	30	—	—	—	—	—	30
Gaza-West Bank	18	10	8	—	—	10	—	8
ACP-OCT	341	196	145	98	43	23	77	100
Africa	287	173	114	87	33	7	77	83
East	94	53	42	41	11	1	9	32
West	93	72	21	—	18	—	57	18
Southern	85	43	42	46	4	6	11	18
Central and Equatorial	15	5	10	—	—	—	—	15
Caribbean	28	10	18	10	—	16	0,25	2
Pacific	7	—	7	—	5	—	—	2
OCT	19	14	5	2	5	—	—	13
SOUTH AFRICA	150	150	—	55	45	—	—	50
ASIA, LATIN AMERICA (ALA)	310	310	—	97	58	25	37	94
Latin America	215	215	—	27	58	—	37	94
Brazil	154	154	—	—	58	—	37	59
Regional – Central America	35	35	—	—	—	—	—	35
Mexico	27	27	—	27	—	—	—	—
Asia	95	95	—	70	—	25	—	—
Thailand	70	70	—	70	—	—	—	—
China	25	25	—	—	—	25	—	—
WESTERN BALKANS	60	60	—	—	60	—	—	—
FYROM	60	60	—	—	60	—	—	—
Total	1 662	1 461	201	278	376	170	448	391

Table K: Financing provided in the ACP States and the OCT from 1995 to 1999

Breakdown by country and sector

(EUR million)

	Sector							
	Total	Resources		Energy	Communications	Water management and sundry	Industry Services	Global loans
		own	budgetary					
AFRICA	1 314.0	693.6	620.4	434.1	193.3	153.3	226.4	306.9
<i>Southern Africa</i>	<i>548.7</i>	<i>341.7</i>	<i>207.0</i>	<i>188.3</i>	<i>62.1</i>	<i>135.3</i>	<i>90.3</i>	<i>72.7</i>
Namibia	113.6	108.2	5.4	57.3	39.1	6.3	2.9	8.0
Mozambique	102.9	58.9	44.0	24.4	—	—	68.5	10.0
Zambia	68.0	—	68.0	32.0	—	—	6.0	30.0
Lesotho	54.0	54.0	—	—	—	54.0	—	—
Mauritius	49.0	49.0	—	10.0	23.0	16.0	—	—
Botswana	46.6	46.6	—	6.6	—	40.0	—	—
Madagascar	43.2	—	43.2	25.0	—	4.0	4.5	9.7
Zimbabwe	30.4	25.0	5.4	25.0	—	—	5.4	—
Malawi	25.0	—	25.0	—	—	15.0	—	10.0
Swaziland	15.0	—	15.0	7.0	—	—	3.0	5.0
Comoros	1.0	—	1.0	1.0	—	—	—	—
<i>West Africa</i>	<i>343.1</i>	<i>182.5</i>	<i>160.6</i>	<i>137.7</i>	<i>45.9</i>	<i>17.0</i>	<i>96.1</i>	<i>46.4</i>
Senegal	100.0	72.0	28.0	—	21.4	15.0	54.6	9.0
Regional	56.4	20.0	36.4	30.0	—	—	—	26.4
Côte d'Ivoire	56.1	41.5	14.6	33.6	11.5	—	7.0	4.0
Ghana	38.0	34.0	4.0	34.0	—	—	—	4.0
Mauritania	30.4	15.0	15.4	—	—	2.0	25.4	3.0
Burkina Faso	29.8	—	29.8	9.8	13.0	—	7.0	—
Guinea	25.5	—	25.5	25.0	—	—	0.5	—
Mali	6.8	—	6.8	5.3	—	—	1.5	—
Guinea-Bissau	0.2	—	0.2	—	—	—	0.2	—
<i>East Africa</i>	<i>338.6</i>	<i>115.9</i>	<i>222.7</i>	<i>82.0</i>	<i>44.8</i>	<i>1.0</i>	<i>38.0</i>	<i>172.8</i>
Kenya	150.1	98.0	52.1	41.0	—	—	9.1	100.0
Ethiopia	81.0	—	81.0	41.0	21.0	—	9.0	10.0
Uganda	72.3	17.9	54.4	—	11.0	—	19.6	41.8
Tanzania	34.1	—	34.1	—	12.8	—	0.3	21.0
Seychelles	1.0	—	1.0	—	—	1.0	—	—
<i>Central and Equatorial Africa</i>	<i>53.7</i>	<i>23.5</i>	<i>30.2</i>	<i>26.1</i>	<i>10.5</i>	<i>—</i>	<i>2.1</i>	<i>15.0</i>
Cameroon	37.0	13.0	24.0	20.5	—	—	1.5	15.0
Gabon	11.1	10.5	0.6	—	10.5	—	0.6	—
São Tomé e Príncipe	5.6	—	5.6	5.6	—	—	—	—
<i>Multiregional project</i>	<i>30.0</i>	<i>30.0</i>	<i>—</i>	<i>—</i>	<i>30.0</i>	<i>—</i>	<i>—</i>	<i>—</i>
CARIBBEAN	346.9	279.5	67.4	145.0	62.0	50.0	0.9	89.0
Jamaica	79.0	79.0	—	—	60.0	7.0	—	12.0
Trinidad and Tobago	55.3	53.0	2.3	45.0	—	—	0.3	10.0
Barbados	50.0	50.0	—	50.0	—	—	—	—
Bahamas	34.0	34.0	—	20.0	—	14.0	—	—
Regional	27.0	20.0	7.0	—	—	—	—	27.0
Dominican Republic	26.0	11.0	15.0	—	—	—	—	26.0
Haiti	24.0	—	24.0	—	—	16.0	—	8.0
Dominica	13.0	10.0	3.0	10.0	—	—	—	3.0
Guyana	8.3	—	8.3	—	—	7.8	—	0.5
Saint Lucia	8.0	8.0	—	8.0	—	—	—	—
Grenada	5.8	4.0	1.8	4.0	—	1.8	—	—
Suriname	4.7	4.0	0.7	4.0	—	—	0.7	—
Saint Vincent and the Grenadines	4.0	4.0	—	4.0	—	—	—	—
Antigua	3.4	—	3.4	—	—	3.4	—	—
Belize	2.5	2.5	—	—	—	—	—	2.5
Saint Christopher and Nevis	2.0	—	2.0	—	2.0	—	—	—
PACIFIC	71.0	36.7	34.3	—	16.7	—	48.6	5.7
Papua New Guinea	46.0	25.0	21.0	—	—	—	46.0	—
Fiji	10.6	8.0	2.6	—	8.0	—	2.6	—
Vanuatu	5.0	—	5.0	—	5.0	—	—	—
Tonga	3.7	3.7	—	—	3.7	—	—	—
Kiribati	2.0	—	2.0	—	—	—	—	2.0
Samoa	2.0	—	2.0	—	—	—	—	2.0
Regional	1.7	—	1.7	—	—	—	—	1.7
ACP GROUP	21.1	—	21.1	—	—	—	—	21.1
Total: ACP States	1 753.0	1 009.8	743.2	579.1	272.0	203.3	276.0	422.6
OCT	36.0	18.5	17.5	9.4	11.0	—	0.6	15.0
Grand total	1 789.0	1 028.3	760.7	588.5	283.0	203.3	276.6	437.6

Table L: Financing provided in the Candidate Countries from 1995 to 1999

Breakdown by country and sector

(EUR million)

	Total	(of which Pre-Accession Facility)	Sector				
			Energy	Communications	Water management and sundry	Industry Services	Global loans
CENTRAL and EASTERN EUROPE (CEEC)	8 028	(2 587)	800	5 085	789	537	817
Poland	1 937	(952)	180	1 015	320	140	282
Czech Republic	1 595	(520)	255	1 025	250	—	65
Romania	1 238	—	99	1 082	—	47	10
Hungary	915	(485)	70	255	110	210	270
Slovak Republic	763	—	181	462	—	40	80
Slovenia	622	(515)	—	612	—	—	10
Bulgaria	473	—	—	300	53	100	20
Lithuania	222	—	10	181	21	—	10
Latvia	188	(80)	6	112	35	—	35
Estonia	76	(35)	—	41	—	—	35
CYPRUS	399	(250)	130	112	55	—	102
Total	8 427	(2 837)	930	5 197	844	537	919
<i>(of which Pre-Accession Facility)</i>							
CEEC	—	(2 587)	(35)	(1 820)	(160)	(240)	(332)
Cyprus	—	(250)	(100)	(100)	—	—	(50)

Table M: Financing provided in the Euro-Mediterranean Partnership Countries from 1995 to 1999 (excluding Cyprus)

Breakdown by country and sector

(EUR million)

	Total	Resources		Sector				
		own	budgetary	Energy	Communications	Water management and sundry	Industry Services	Global loans
Egypt	979	939	40	78	90	215	529	68
Morocco	856	809	47	95	367	174	100	121
Algeria	580	580	—	470	30	30	50	—
Turkey	557	545	12	134	76	245	—	102
Tunisia	525	458	67	60	178	110	49	128
Lebanon	330	327	3	27	30	210	—	63
Jordan	281	270	11	20	30	67	123	41
Gaza-West Bank	214	194	20	35	43	70	27	39
Israel	68	68	—	—	—	35	—	33
Malta	18	15	3	—	—	15	—	3
Total	4 409	4 205	204	919	844	1 171	878	598

Table N: Financing provided in South Africa from 1995 to 1999

Breakdown by sector

(EUR million)

	Total	Sector				
		Energy	Communications	Water management and sundry	Industry Services	Global loans
South Africa	585	156	45	45	—	339
Total	585	156	45	45	—	339

Table O: Financing provided in Asia and Latin America from 1995 to 1999

Breakdown by country and sector

(EUR million)

	Total	Energy	Communications	Sector		
				Water management and sundry	Industry Services	Global loans
Latin America	797	82	230	130	222	134
Brazil	333	55	58	—	162	59
Argentina	158	—	45	113	—	—
Peru	77	—	77	—	—	—
Mexico	77	27	—	—	50	—
Panama	50	—	50	—	—	—
Regional (Andean Pact)	40	—	—	—	—	40
Regional (Central America)	35	—	—	—	—	35
Paraguay	17	—	—	17	—	—
Uruguay	10	—	—	—	10	—
Asia	586	361	50	175	—	—
Philippines	172	72	50	50	—	—
Indonesia	146	46	—	100	—	—
Thailand	88	88	—	—	—	—
China	80	55	—	25	—	—
Vietnam	55	55	—	—	—	—
Pakistan	45	45	—	—	—	—
Total	1 382	443	280	305	222	134

Table P: Financing provided in the Western Balkans from 1995 to 1999

Breakdown by country and sector

(EUR million)

	Total	Energy	Communications	Sector		
				Water management and sundry	Industry Services	Global loans
FYROM	130	—	130	—	—	—
Albania	68	12	51	—	—	5
Total	198	12	181	—	—	5

Table Q: Borrowings signed in 1999

Month of issue	Place of issue	Subscription currency	Characteristics	Amount (million) Currency	Amount (million) EUR	Life (years)	Coupon (%)
1. Resources raised							
Long-term operations (before swaps)							
PUBLIC BORROWING OPERATIONS							
January	Italy	EUR	(2)	200	200.0	30	10.500
	Luxembourg	EUR		1 000	1 000.0	10	4.000
	Luxembourg	USD		1 000	857.1	5	5.000
	Luxembourg	USD		250	214.3	10	5.375
	Luxembourg	EUR		1 000	1 000.0	10	4.000
	Luxembourg	USD	(1)	500	428.5	7	5.250
	Luxembourg	NZD	(1)	100	45.3	5	6.000
	Luxembourg	ZAR	(1)	200	29.2	5	15.000
	Switzerland	CHF		1 000	622.0	15	3.500
February	Italy	EUR	(2)	150	150.0	20	10.500
	Italy	EUR	(2)	75	75.0	30	10.000
	Greece	GRD	(1)	30 000	91.0	3	6.000
	Hong Kong	HKD	(1)	300	33.0	3	variable
	Luxembourg	USD	(1)	150	128.6	6	5.625
	Luxembourg	ZAR	(1)	100	14.6	10	14.750
	Luxembourg	USD	(1)	300	257.1	3	5.000
	Luxembourg	USD		250	214.3	10	5.250
	Luxembourg	USD		250	214.3	10	5.375
	Luxembourg	GBP		124	175.9	30	zero coupon
	Luxembourg	CAD	(1)	25	13.8	5	5.500
	Luxembourg	EUR		300	300.0	7	7.000
	United Kingdom	GBP		100	141.8	11	5.500
	United Kingdom	GBP		250	354.4	30	6.000
March	Germany	NOK	(1)	600	67.6	5	4.875
	Greece	GRD	(1)	30 000	91.0	3	6.000
	Greece	GRD	(1)	10 000	30.3	3	6.000
	Luxembourg	EUR/PLN	(1)	100	23.5	3	9.750
	Luxembourg	ZAR	(1)	50	7.3	5	15.000
	Luxembourg	USD	(1)	100	85.7	10	8.000
	Czech Republic	CZK	(1)	3 000	85.2	10	8.200
	United Kingdom	GBP		100	141.8	11	5.500
April	Luxembourg	GBP		50	74.7	39	zero coupon
	Luxembourg	USD	(1)	1 000	930.9	6	5.375
	Luxembourg	EUR	(4)	2 000	2 000.0	10	4.000
	United Kingdom	GBP		200	300.2	11	5.500
	United Kingdom	GBP	(2)	200	300.2	40	5.000
May	Belgium	EUR		50	50.0	7	zero coupon
	Greece	GRD	(1)	10 000	30.7	3	6.000
	Greece	GRD	(1)	10 000	30.7	3	6.000
	Italy	EUR	(3)	150	150.0	6	variable
	Italy	EUR	(3)	150	150.0	5	variable
	Italy	EUR		100	100.0	15	step-up
	Luxembourg	USD	(1)	1 000	930.9	10	5.875
	United Kingdom	GBP		100	150.1	22	5.375
	United Kingdom	ZAR	(1)	100	15.0	10	13.500
June	Hungary	HUF	(1)	8 000	31.4	5	11.750
	Luxembourg	ZAR	(1)	200	30.1	6	13.000
	Luxembourg	ZAR	(1)	100	15.0	10	14.750
	Luxembourg	USD	(1)	500	465.5	3	6.000
	Luxembourg	USD	(1)	250	232.7	3	6.000
	Luxembourg	EUR		75	75.0	4	7.250
	United Kingdom	GBP		100	150.1	22	5.375
	United Kingdom	GBP		300	450.2	4	6.000
	United Kingdom	GBP		33	50.0	39	zero coupon
	United Kingdom	GBP		100	150.1	5	6.000
	United Kingdom	GBP		150	225.1	4	6.000
	United Kingdom	GBP		125	187.6	10	5.500

Table Q: Borrowings signed in 1999 (continued)

Month of issue	Place of issue	Subscription currency	Characteristics	Amount (million) Currency	Amount (million) EUR	Life (years)	Coupon (%)
July	Italy	EUR		450	450.0	15	4.350
	Luxembourg	ZAR	(1)	120	19.2	10	13.500
	Luxembourg	ZAR	(1)	150	24.0	6	13.000
	United Kingdom	GBP		150	228.6	5	6.000
	United Kingdom	GBP		250	380.9	10	5.500
August	Belgium	NOK	(1)	500	61.7	5	6.000
	Greece	GRD	(1)	5 000	15.4	3	6.000
	Italy	EUR		150	150.0	7	variable
	Luxembourg	EUR		100	100.0	5	7.000
	Luxembourg	EUR		50	50.0	5	8.200
	Luxembourg	USD	(1)	250	242.1	3	6.000
	United Kingdom	GBP		250	380.9	6	6.125
	United Kingdom	SKK	(1)	1 000	22.1	2	15.500
September	Luxembourg	EUR		577	577.2	6	3.875
	Luxembourg	USD	(1)	750	726.2	5	6.250
	Luxembourg	USD		250	242.1	9	5.375
	Luxembourg	EUR	(4)	1 500	1 500.0	5	5.250
	Czech Republic	SKK	(1)	2 000	44.1	3	15.625
October	Australia	AUD	(1)	400	244.0	6	6.000
	Belgium	NOK	(1)	500	60.4	5	6.125
	Luxembourg	EUR	(1)	500	500.0	3	4.000
	Luxembourg	ZAR	(1)	100	15.6	10	13.500
	Luxembourg	ZAR	(1)	100	15.6	6	13.000
	Luxembourg	USD	(1)	100	93.8	5	7.125
	United Kingdom	GBP		125	193.1	22	5.375
	United Kingdom	GBP		125	193.1	9	6.250
	United Kingdom	GBP		75	115.8	29	6.000
	United Kingdom	GBP		200	308.9	15	6.250
	Taiwan	TWD		6 000	178.7	5	5.900
	November	Hungary	HUF	(1)	4 500	17.5	5
Luxembourg	EUR	(4)	1 000	1 000.0	3	4.500	
Luxembourg	EUR	(4)	2 000	2 000.0	6	4.875	
United Kingdom	JPY	(1)	75 000	665.7	5	0.875	
United Kingdom	GBP		150	231.7	22	5.375	
United Kingdom	GBP		100	154.4	22	5.375	
United Kingdom	GBP		100	154.4	10	5.500	
United Kingdom	GBP		175	270.3	29	6.000	
United Kingdom	GBP		250	386.1	5	6.000	
December	Japan	GBP	(1)	105	162.2	3	6.000
	Luxembourg	ZAR	(1)	100	15.6	10	13.500
	Luxembourg	ZAR	(1)	100	15.6	11	13.000
	United Kingdom	GBP		100	154.4	22	5.375
99 operations				26 729.7			

(1) MTN; (2) Transformable fixed/variable rate; (3) Single coupon; (4) EARN

PRIVATE BORROWING OPERATIONS

9	USD	(1)	198	183.4	variable-6.45
6	HKD	(1)	3 950	480.5	7-8.75
1	GBP	(1)	530	807.6	variable
2	EUR	(1)	45	45.2	variable-zero coupon
1	JPY	(1)	10 930	87.6	3.000
19 operations				1 604.3	

Total 118 operations 28 334.0

N.B.: Zero coupon issues are calculated on the basis of the nominal amount multiplied by the issue price.

2. Euro debt exchange offer programme

July	Luxembourg	EUR	961	961.1	3.875-4.000
Total	2 operations			961.1	
GRAND TOTAL	120 operations			29 295.1	

Table R: Borrowings signed (after swaps) from 1995 to 1999

(EUR million)

	1995		1996		1997		1998		1999	
	Amount	%								
1. Resources raised										
European Union										
ECU/EUR (*)	400	3.2	500	2.8	1 300	5.6	3 554	11.8	12 422	43.8
DEM	2 397	19.3	5 285	30.1	3 437	14.9	4 675	15.5	—	—
FRF	342	2.8	655	3.7	2 590	11.2	847	2.8	—	—
ITL	3 343	27.0	4 398	25.1	5 044	21.9	4 219	14.0	—	—
BEF	—	—	19	0.1	—	—	—	—	—	—
NLG	145	1.2	84	0.5	17	0.1	—	—	—	—
IEP	135	1.1	102	0.6	58	0.3	—	—	—	—
LUF	193	1.6	65	0.4	99	0.4	—	—	—	—
ESP	1 574	12.7	2 034	11.6	2 599	11.3	1 102	3.7	—	—
PTE	1 004	8.1	358	2.0	1 092	4.7	395	1.3	—	—
FIM	18	0.1	34	0.2	45	0.2	128	0.4	—	—
Total: Euro-11	9 551	77.1	13 533	77.1	16 280	70.7	14 921	49.6	12 422	43.8
DKK	—	—	88	0.5	134	0.6	30	0.1	186	0.7
GBP	996	8.0	2 168	12.4	2 875	12.5	8 069	26.8	6 974	24.6
GRD	149	1.2	97	0.6	161	0.7	255	0.8	15	0.1
SEK	77	0.6	191	1.1	189	0.8	120	0.4	60	0.2
Total: Pre-In	1 223	9.9	2 544	14.5	3 359	14.6	8 474	28.2	7 236	25.5
Total	10 774	86.9	16 078	91.6	19 639	85.3	23 395	77.7	19 658	69.3
of which: fixed	5 720	46.1	8 970	51.1	10 242	44.5	13 956	46.4	4 641	16.4
of which: floating	5 054	40.8	7 108	40.5	9 397	40.8	9 439	31.4	15 017	53.0
Outside the European Union										
CHF	323	2.6	165	0.9	566	2.5	125	0.4	622	2.2
CZK	—	—	—	—	—	—	11	0.0	85	0.3
HUF	—	—	—	—	—	—	28	0.1	49	0.2
JPY	771	6.2	580	3.3	541	2.4	—	—	—	—
NOK	—	—	—	—	—	—	60	0.2	—	—
USD	528	4.3	698	4.0	2 211	9.6	6 451	21.4	7 825	27.6
ZAR	—	—	33	0.2	68	0.3	29	0.1	116	0.4
Total	1 622	13.1	1 476	8.4	3 387	14.7	6 703	22.3	8 697	30.7
of which: fixed	1 338	10.8	1 156	6.6	2 116	9.2	2 001	6.6	1 865	6.6
of which: floating	284	2.3	320	1.8	1 271	5.5	4 702	15.6	6 833	24.1
TOTAL	12 395	100.0	17 553	100.0	23 025	100.0	30 098	100.0	28 355	100.0
of which: fixed	7 058	56.9	10 126	57.7	12 358	53.7	15 957	53.0	6 506	22.9
of which: floating	5 338	43.1	7 427	42.3	10 668	46.3	14 141	47.0	21 850	77.1
Medium and long-term operations										
- Public borrowing operations	12 080	97.5	17 066	97.2	22 438	97.5	29 660	98.5	26 743	94.3
- Private borrowing operations	315	2.5	487	2.8	587	2.5	438	1.5	1 613	5.7
of which medium-term notes	829	6.7	2 989	17.0	5 377	23.4	5 633	18.7	8 709	30.7
2. Euro debt exchange offer programme	—	—	—	—	—	—	1 318 (1)	—	961 (1)	—
GRAND TOTAL	—	—	—	—	—	—	31 417	—	29 317	—

(*) 1995-1996: ECU; 1997-1998: EUR with issue price and coupon initially payable in ECU; 1999: EUR

(1) 1998: DEM FRF ITL; 1999: EUR FRF ITL

Table S: Resources raised in ECU/EUR from 1981 to 1999 (*)

(Amounts in million)

Year	Fixed-rate borrowings			Floating-rate borrowings			Raised in ECU/EUR (A)	Total raised (B)	A/B as %
	Before swaps	After swaps	After swaps	Commercial paper	Certificates of deposit	Total			
1981-1994	10 360	10 260	2 175	1 200	400	4 121	14 046	114 296	12.29
1995	400	200	200	—	—	200	400	12 395	3.23
1996	650	500	—	—	—	—	500	17 553	2.85
1997	1 300	1 300	—	—	—	—	1 300	23 025	5.65
1998	3 500	2 850	704	—	—	704	3 554	30 098	11.81
1999	11 253	2 155	10 267	—	—	10 267	12 422	28 355	43.81
Total	27 463	17 265	13 346	1 200	400	15 292	32 222	225 724	14.27

(*) Funds raised (excluding liquid holdings)

From 1997 to 1998, euro-denominated issues with issue price and coupon initially payable in ECU. Euro introduced as from 1999.

Conversion rates

The conversion rates used by the EIB during each quarter for recording statistics of its financing operations - contract signatures and disbursements - as well as of its borrowings are those obtaining on the last working day of the previous quarter; in 1999, these were as follows:

		1999			
1 euro =		31.12.1998	31.03.1999	30.06.1999	30.09.1999
		1st quarter 1999	2nd quarter 1999	3rd quarter 1999	4th quarter 1999
Austrian Schilling	ATS	13.7603			
Belgian franc	BEF	40.3399			
Deutsche Mark	DEM	1.95583			
Spanish peseta	ESP	166.386			
Finnish markka	FIM	5.94573			
French franc	FRF	6.55957			
Irish pound	IEP	0.787564			
Italian lira	ITL	1 936.27			
Luxembourg franc	LUF	40.3399			
Netherlands guilder	NLG	2.20371			
Portuguese escudo	PTE	200.482			
Danish krone	DKK	7.44878	7.43170	7.43410	7.43320
Pound sterling	GBP	0.705455	0.666300	0.656300	0.647500
Greek drachma	GRD	329.689	325.900	324.450	328.700
Swedish krona	SEK	9.48803	8.88700	8.74700	8.72350
United States dollar	USD	1.16675	1.07420	1.03280	1.06650
Japanese yen	JPY	132.800	127.810	124.820	112.670

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Principal publications

Statute:

The EIB's Statute sets out the legal, financial and administrative framework for the Bank's activities; it was established by a Protocol annexed to the Treaty of Rome, of which it forms an integral part.

Available in all EU official languages.

General presentation:

• Annual Brochure

This brochure, updated each year, provides an illustrated summary of the Bank's major objectives and fields of activity, both within and outside the European Union.

Available in all EU official languages.

• Videotapes

The 1998 40th anniversary video film presents the EIB, its role and activities over the four decades.

Available in English, French, German, Italian, Portuguese and Spanish.

• EIB Information

A regular bulletin featuring topical articles on EIB activity.

Available in all EU official languages.

• 40 Years' Activity

Statistical review of operations. Published in 1998.

Available in English, French and German.

EIB Papers

A six-monthly publication, EIB Papers present the results of research carried out by the EIB's Chief Economist's Department together with contributions from external scholars and specialists.

Available in English.

New series :

Volume 4, No. 1 - 1999:

European Banking after EMU

Volume 4, No. 2 - 1999:

The 1999 EIB Prize - Recent EIB Research

Country fact sheets

These publications describe EIB financing facilities available in different countries and geographical areas (Member States, Central and Eastern Europe, the Mediterranean Region, the African, Caribbean and Pacific States, South Africa, Asia and Latin America).

Thematic brochures:

• EIB Lending and Borrowing during the changeover to the euro

An operational guide to the euro. Published in 1998.

Available in all EU official languages.

• Information policy

Rules on public access to EIB documents. Published in 1997.

Available in all EU official languages.

• Environmental Policy Statement

Document covering guidelines, standards and procedures in the environmental field.

Published in June 1996.

Available in all EU official languages.

• Guide to tendering for contracts financed by the EIB

This guide aims to provide promoters of projects financed by the EIB and their suppliers with information on the procedures attaching to EIB financing with regard to tendering, briefing of potential bidders and compliance with Community legislation.

Published in June 1996.

Available in all EU official languages.

Reports produced by the EIB's Operations Evaluation Unit:

• Evaluation of 17 projects in the water sector in Mediterranean Countries (1999).

• Impact of EIB borrowing operations on the integration of new capital markets (1999).

Structured, regularly updated information is also available on

Internet: www.eib.org

All EIB publications and video films available, plus a full list of these, can be obtained on request from the Information and Communications Department
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Projects eligible for financing

Within the European Union, projects considered for EIB financing must contribute towards one or more of the following objectives:

Balanced economic development. The EIB finances projects fostering the economic advancement of the less favoured regions.

Transport, telecommunications and Trans-European Networks (TENs). The EIB finances projects furthering integration and the promotion of trade, through construction, modernisation or extension of railways, roads, bridges, airports, ports, telecommunications networks and energy distribution grids.

Securing the energy supply base. The Bank is committed to supporting the energy objectives of the European Union: diversified and reliable access to supplies outside the Union; development of the Union's energy resources; energy saving; and supply of power throughout the Union via interconnected grids.

Natural and urban environment. Reduction of atmospheric pollution, water supply and wastewater treatment, soil protection, forestation, safeguarding the cultural heritage and improving the quality of life in urban areas.

Health and education. Extension and modernisation of health and education infrastructure.

Enhancing the competitiveness and integration of European industry. Furthering advanced technology and investment promoting cooperation between companies located in different EU Member States.

Small and medium-sized enterprises. Investment by SMEs in industry and the service sector is financed indirectly by way of EIB global loans to banks and financial institutions.

Venture capital finance. Operations designed to foster venture capital financing for innovative or high-growth SMEs are concluded in cooperation with banks and financial institutions in the Member Countries.

Outside the Union, the Bank participates in implementation of the Union's development aid and cooperation policies through long-term financing for the benefit of projects in some 150 non-EU countries. It finances investment in Central and Eastern Europe, in the Mediterranean Countries, in Africa, the Caribbean and the Pacific, as well as in Asia and Latin America.

Specific conditions for certain loans outside the EU are defined according to the relevant financial protocols or conventions.

Individual loans

Who can borrow? Promoters in both the public and private sectors, including banks.

For what amount? To be agreed directly with the EIB if capital investment project exceeds EUR 25 million and up to 50% of the investment costs.

What maturities? In the industrial sector up to 12 years, and for infrastructure projects 20 years, or more in exceptional cases.

What currencies? In euro, the currencies of EU Member Countries not participating in the euro area, but also in other currencies, such as US dollars, yen, or Swiss francs, depending on the borrower's preferences. Loans may be disbursed in one or more currencies.

What rates? Fixed, variable or revisable rate.

Repayment: Normally semi-annual or annual payments. Grace periods for capital repayment may be obtained for the construction phase of the project. Bullet loans are also possible.

Fees: Generally, neither processing, commitment nor any other fees are charged.

Global loans

Global loans are made available to banks or financial institutions that onlend the funds for small or medium-scale investment projects meeting the Bank's criteria.

Who can benefit from the proceeds of global loans? Local authorities or firms with fewer than 500 employees and having fixed assets of up to EUR 75 million.

For what projects? New capital investment projects worth up to EUR 25 million, undertaken by SMEs or, in the case of small infrastructure projects, by local authorities.

For what amount? Up to 50% of the investment cost. The term is 5-12 years (for new construction projects exceptionally 15 years). The intermediary is free to grant additional finance for the project.

What security? What rates? To be agreed with the intermediary bank which takes the financing decision in accordance with criteria determined with the EIB.

Disbursement and loan management: Through the intermediary bank.



The mission of the European Investment Bank

Our mission is to further the objectives of the European Union by making long-term finance available for sound investment.

- **We are at the service of the Union.**

We were created by the Treaty of Rome; our shareholders are the Member States; and our Board of Governors is composed of the Finance Ministers of these States.

- **We provide service and value-added**

- through our appraisal and follow-up of investment projects and programmes. To receive our support, projects and programmes must be viable in four fundamental areas: economic, technical, environmental and financial. We appraise each investment project thoroughly and follow it through to completion.

- through our financing. Through our own lending operations and our ability to attract other financing, we widen the range of funding possibilities. Through our borrowing activities, we contribute to the development of capital markets, notably within the Union.

- **We offer first-class terms and conditions.**

Our financial soundness derives from the strength and commitment of our shareholders, the independence of our professional judgements and the quality of our loan portfolio. It enables us to borrow at the finest terms, which we pass on in our lending conditions.

- **We work in partnership with others.**

Our policies are established in close coordination with the Member States and the other Institutions of the European Union. We also cooperate closely with the business and banking sectors and the main international organisations in our field.

- **We attract qualified and multi-lingual staff from all the Member States.**

We are motivated by our direct participation in the construction of Europe.

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