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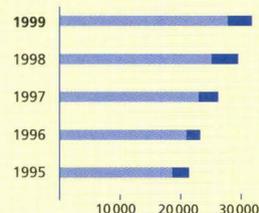
**European
Investment
Bank**



Key data

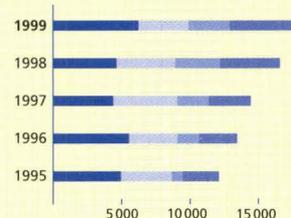
(EUR million)	1999	1998
Contracts signed	31 800	29 526
Within the European Union	27 765	25 116
Outside the European Union	4 035	4 410
• <i>Candidate Countries</i>	2 373	2 375
• <i>Mediterranean Countries</i>	802	886
• <i>ACP, South Africa</i>	491	695
• <i>Asia, Latin America</i>	310	362
• <i>Western Balkans</i>	60	92
Resources raised	28 355	30 098
Disbursements	27 612	27 993
From own resources	27 449	27 792
From other resources	163	201
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

Total financing
 1995-1999
 132.2 billion



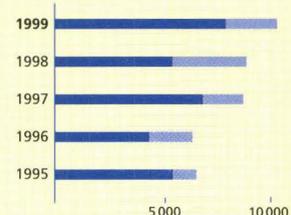
■ within the EU
 ■ outside the EU

Regional development
 1995-1999
 74.1 billion



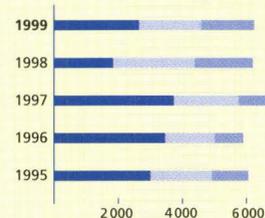
■ Objective 1
 ■ Objectives 2, 5 and 6
 ■ Multi-regional projects
 ■ Global loans in less favoured areas

European communications infrastructure
 1995-1999
 40.8 billion



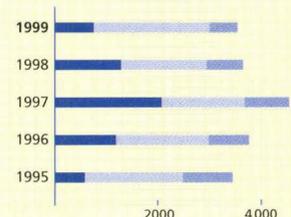
■ Transport
 ■ Telecommunications

Natural and urban environment
 1995-1999
 31.5 billion



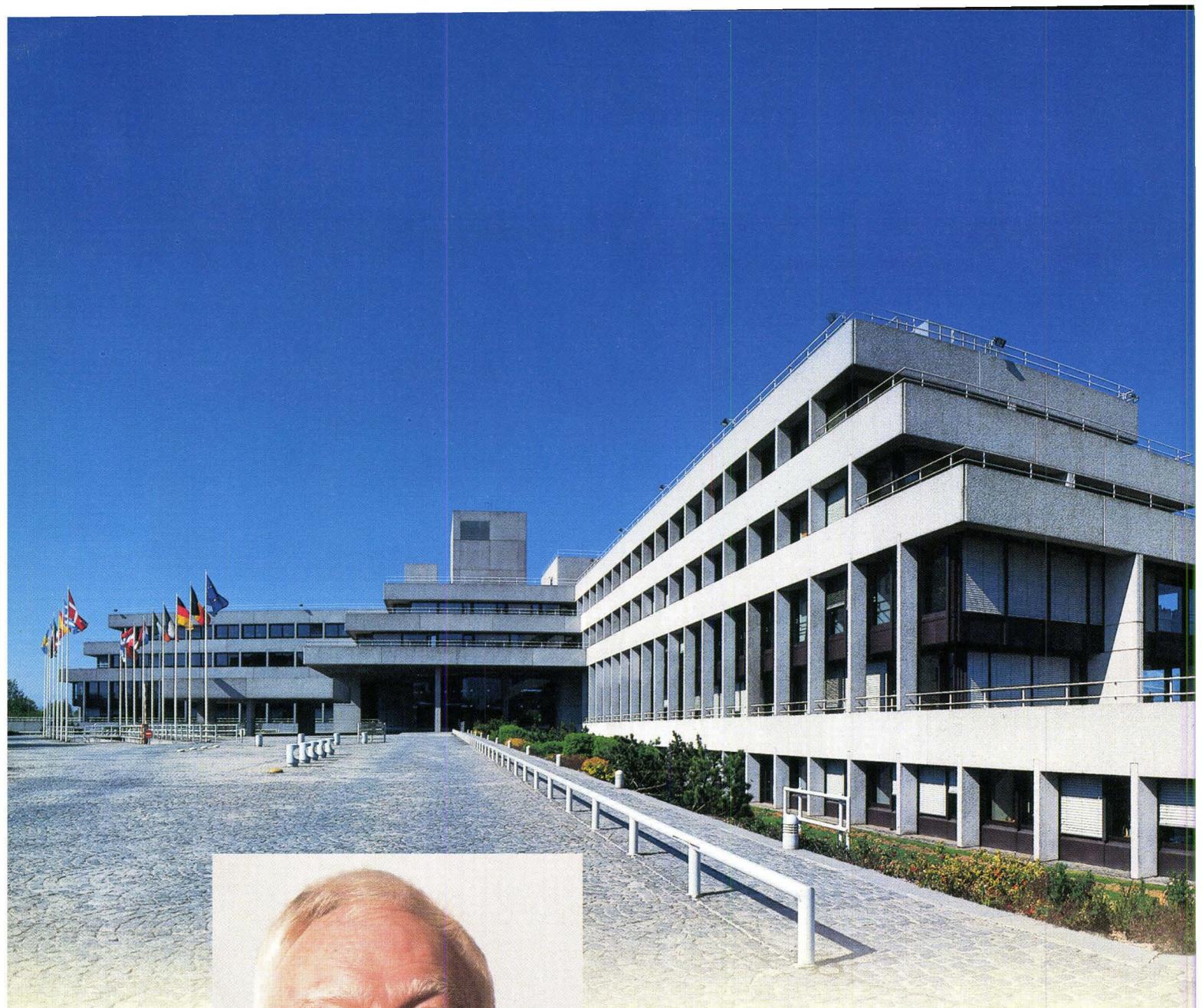
■ Natural environment
 ■ Urban environment
 ■ Global loans

Industrial competitiveness and SMEs
 1995-1999
 18.5 billion



■ Corporates
 ■ SMEs in assisted areas
 ■ SMEs in non-assisted areas

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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 five per cent of aggregate capital investment in Europe; these are located for the most part in the EU's less favoured regions. During this period, the EIB also drew on the cooperation



of its 180 or so partner banks to support nearly 30 000 schemes undertaken by local authorities and SMEs in Europe.

At the same time, the Bank directed financing towards major projects and medium-scale infrastructure schemes in the health, education and urban development sectors, providing countless firms with work. The EIB's backing ensures access to reliable sources of finance facilitating establishment of sound financing packages.

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 and devoted one third of our financing to projects aimed at environmental protection.

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 preparations for the launch of the future single currency and has since offered investors a wide range of what have come to be benchmarks in the euro-denominated sector.

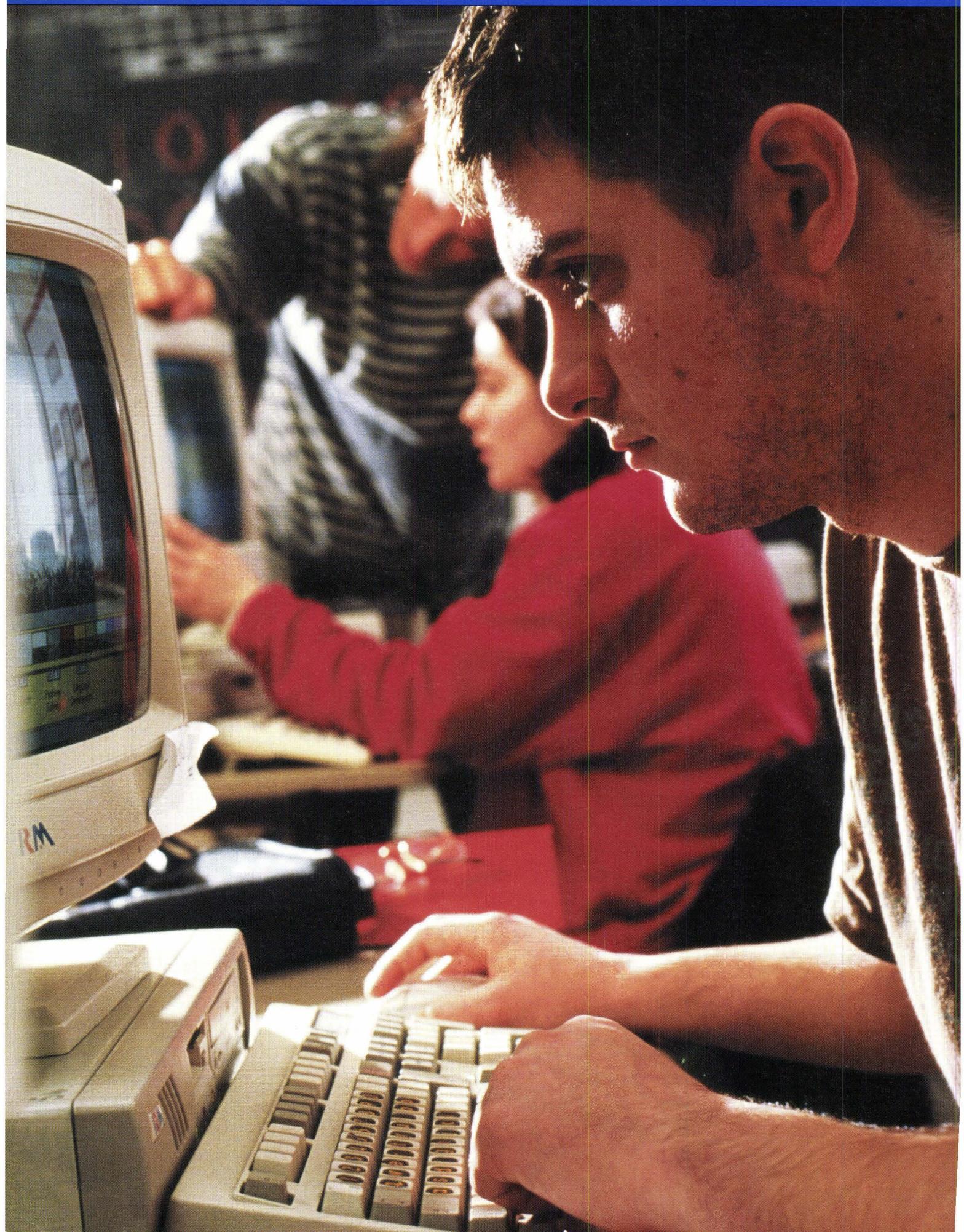
In support of the Union's development aid and cooperation policies towards some 150 countries around the world, in 1999

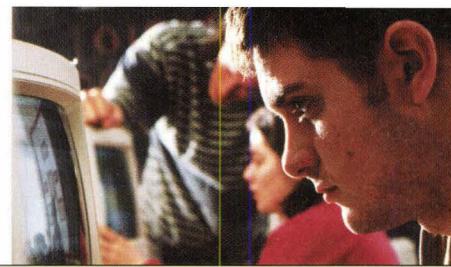
the Bank provided some EUR 4 billion, furthering primarily the objectives of the "Barcelona Process" in the Mediterranean region and paving the way for enlargement of the Union to include the candidate countries. In this latter area, the Bank largely operates at its own risk, demonstrating its firm intent to contribute to economic modernisation with a view to transposing Community regulatory practices.

This review of 1999 amply illustrates the achievements of my predecessor, Sir Brian Unwin, in turning the EIB into a key player in attaining Union objectives. This approach will be maintained in the future. As a follow-up to the Lisbon European Council's conclusions with a view to promoting 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. That programme will be taken forward in a changing environment, marked in particular by establishment of the euro, and will require the EIB to step up its efforts to develop new products tailored ever more closely to its customers' needs. The Bank is thus clearly determined to help in laying the foundations for dynamic growth in Europe, the basis of a more open society in which everyone has ready access to information.

Philippe Maystadt
President and Chairman of the Board of Directors

The EIB, at the heart of European integration





Backing projects of benefit to all Europe's citizens

Since its creation, the EIB has actively deployed its borrowing and lending operations in support of the new directions taken by the European economy and has committed itself, through its project financing, to bringing the peoples of Europe closer together. In furthering Union policies, it has also given substantial practical effect to Member States' joint action programmes.

More recently, this role has been further expanded with establishment of Economic and Monetary Union, major overhaul of the Cohesion and Structural Funds as part of the Community's "Agenda 2000" and preparations for enlargement. In this profoundly changing economic, social and financial environment, the Bank has adapted its lending facilities in the best interests of the objectives of the European Union (EU), with the emphasis on innovation and job creation.

Against this background, the fact that the EIB is both an EU institution and a bank is a major advantage. In keeping with the principle of subsidiarity, it has assumed, on a non-profit-making basis, an indispensable role in channelling savings into investment in the key sectors of the economy. As a complementary source of finance, it acts as a catalyst in attracting funds from the Union or the European banking community for the projects it supports.

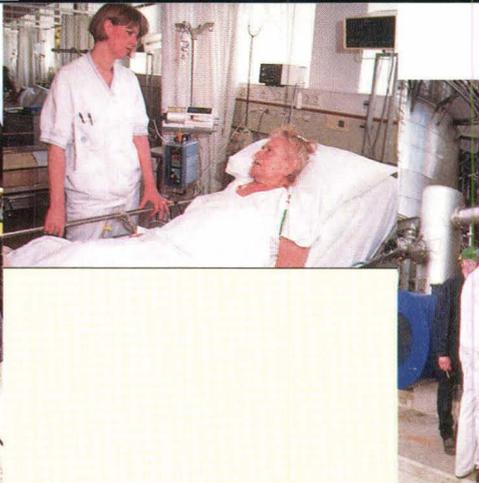
With its sound financial base, its AAA rating on the markets and the volume of its subscribed capital – recently increased to EUR 100 billion – the EIB stands well equipped to tackle effectively the major challenges facing Europe over the next few years.

The EIB will continue to mobilise the expertise of its staff and its financing capacity for the benefit of all Europeans. Its loans – concentrated mainly on those regions lagging behind in their development – facilitate equal access to transport, communications, health and education infrastructure. At the same time, the EIB is committed to more balanced urban development and respect for the natural environment and is making a major effort to promote dynamic businesses offering added job opportunities.

The Bank's activities are hence also forward-looking: the EIB is currently implementing its "Innovation 2000 Initiative" (i2i), intended to support development of the knowledge-based society and innovation in Europe, laying the foundation for sustainable growth and employment.

Backing

*projects of benefit to
all Europe's citizens*



Growth and employment

Targeting a range of resources at job creation

Since 1997, the Bank has been fully committed to Europe's policy on creating employment.

It has stepped up its support for labour-intensive projects, particularly in areas such as trans-European networks, the environment or urban regeneration.

It has embarked upon a pan-European venture capital programme to support the financing of technology-based SMEs and those with strong growth potential, which provide a source of high-quality jobs.

It is also investing in "human capital" by supporting the health and education sectors, with a view to the Europe of tomorrow and a better quality of life. In so doing, it is helping to strengthen the foundations of Europe's future growth.

The EIB is associated with projects that account for some 5% of total investment within the Union. This figure exceeds 10% in the least favoured regions. The Bank's activities are estimated to generate each year some 380 000 jobs in the development of infrastructure and 40 000 jobs in SMEs.

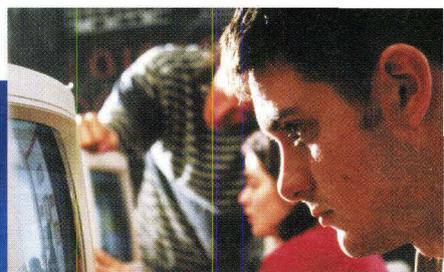
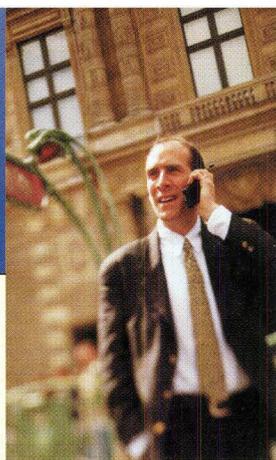
Closer-knit economic fabric

From infrastructure to SMEs, reducing regional disparities

The Bank's chief remit – conferred upon it by the Treaty of Rome – is the balanced development of the Union. Thus, on average, more than two thirds of its loans help to finance a wide range of projects in outlying regions of the Union or those suffering from structural problems.

The EIB's priority objectives in less favoured areas are geared towards developing communications infrastructure as well as projects and programmes protecting the environment. At the same time, the Bank provides tangible support for economic growth through finance for enterprises of all sizes, whether industrial groups or SMEs.

Working in close cooperation with the Community's Structural Funds, the EIB complements the impact of budgetary grant aid, encouraging optimum allocation of resources. This aspect of the Bank's activity is expected to increase with implementation of Agenda 2000.



Knowledge and innovation

Mobilising resources for objectives crucial to the EU's future

The special European Council meeting held in Lisbon on 24 March 2000 called upon the EIB to mobilise its potential to foster innovation and knowledge. These are central themes for the future of the Union: human capital, in its "health and education" components, business creation and SMEs, research and development, high-technology networks and a wider spread of innovation.

The Bank intends to channel some of its long-term loans and additional venture capital resources into its "Innovation 2000 Initiative", endorsed by the European Council.

The anticipated economic impact of projects supported in this way is put at some 40 billion over three years.

Promoting the euro

Backing Europe's flagship currency

As early as 1996 the Bank's capital market strategy was to support establishment of a "critical mass" of euro-denominated debt instruments in order to enable the market to operate with the new currency from the very start on 1 January 1999. At the beginning of the year 2000, the EIB's outstanding euro-denominated debt stood at 44 billion.

The Bank has also conducted euro-debt exchange and redenomination programmes, as well as undertaking structured operations (i.e. targeting the needs of certain investors) and building on its commercial paper issuance.

By helping to use the new currency as a means of integrating the capital markets, the EIB has reaffirmed its dedication to the objectives of the Union.

Working in partnership with the EU institutions

Cooperation, dialogue and transparency

The European Council is increasingly calling on the EIB to give prompt and concrete expression to its major economic policy guidelines, notably in terms of trans-European networks, enlargement, growth and employment, training and innovation.

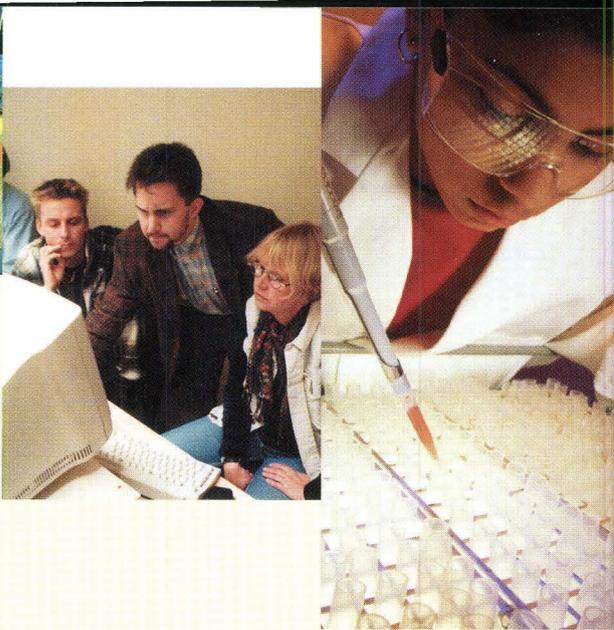
Furthermore, the Bank's extensive involvement in seeing through major EU policies has fostered closer relations with the European Parliament, underscoring the wish for greater dialogue on subjects of mutual interest to both institutions.

The Bank is increasingly stepping up its cooperation with the Commission across the board, as reflected, for example, in EIB appraisal of projects financed by the Commission, within the context of the Structural Funds.

The Bank shares with all its fellow institutions the desire to protect the EU's financial interests. Hence, EIB operations attracting funds from the Community budget are monitored by the European Court of Auditors. In the same spirit, the Bank has adopted an internal decision to enable the newly created European Anti-Fraud Office to include the activities of the EIB within its remit.

Backing

*projects of benefit to
all Europe's citizens*



Encouraging a dynamic corporate sector

Supporting innovation, employment and competitiveness

The EIB helps to underpin the international competitiveness of European industry, mainly in assisted areas. In particular, it has helped to finance the automotive and aeronautical industries, pharmaceuticals and chemicals, and mechanical engineering. It also provides long-term loans for tens of thousands of SMEs.

Since 1997, it has boosted its lending to enterprises by setting up venture capital operations for technology-based SMEs and those with strong growth potential, joining forces with the banking sector and taking account of each Member Country's specific requirements.

By the end of 1999, a total of 775 million had been approved under this heading, mainly providing finance for dedicated investment funds operating throughout the Union. Some have been arranged by the EIF, an affiliated institution of the EIB specialising in venture capital.

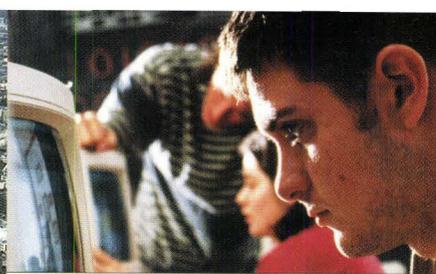
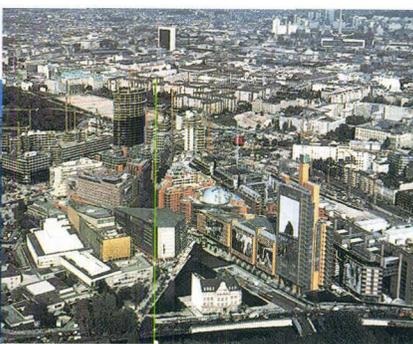
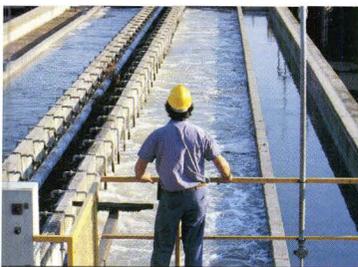
Investing in health and education

Securing the future and well-being of Europe's citizens

Keen to channel its funds into areas essential for the future and with an immediate positive impact on employment, the EIB is now involved in financing "human capital".

Between mid-1997 and the beginning of the year 2000, the Bank channelled more than 5 billion into health and education, in eleven Member States: large-scale financing operations benefiting hospitals, university laboratories and libraries, secondary education, university and vocational establishments as well as thousands of more modest initiatives promoted by regional or local authorities.

These projects, nine out of ten of which are located in assisted areas, help to guarantee equal access to health and education for all citizens of the Union.



Safeguarding our environment

Preserving Europe's heritage

Since 1995, investment in favour of both the natural and urban environment has accounted for roughly a third of the Bank's total activity.

In all its lending, the EIB devotes particular attention to projects which safeguard the natural environment by reducing atmospheric pollution and to water resource and waste management schemes. A significant share of its funding goes towards developing renewable sources of energy and deploying non-polluting industrial processes. The Bank has thus helped finance installation, by the main motor vehicle manufacturers, of new paint shops using water-based paints and environmentally friendly developments in the chemicals industry.

The EIB has for many years been making a very practical contribution to the Union's environmental policies – not only by financing environmental projects *per se*, but also by taking account of environmental factors in all other projects it supports.

The Bank is similarly studying, together with the Commission, the operational implications of the Kyoto agreements.

Improving the quality of life in towns and cities

Action on transport, the environment and urban areas

Two out of three Europeans live in urban areas. For them, improving the quality of life means first and foremost reducing the problems caused by traffic. Over the past five years, the Bank has supported some 40 or so self-contained public transport projects (metros, tramways and suburban trains).

Promoting more harmonious urban development also involves creating open spaces, park-and-ride facilities, etc., revitalising run-down areas – particularly in town centres – and encouraging establishment of new business districts. It means renovating or building social housing, in conjunction with large-scale programmes such as those in Eastern Germany, Portugal and the United Kingdom. These are just some of the areas in which the EIB has increased its financing operations.

In many towns the Bank has funded schemes to recycle waste as fuel for district heating networks as well as wastewater treatment projects. Over the past five years, total investment in the urban environment has accounted for more than 40% of all lending for the environment.

Extending Trans-European Networks

Bringing people closer together and linking up economies

Efficient communications and energy transfer networks are an essential prerequisite for economic and monetary integration and for enlargement. These major arteries provide Europe with its lifeblood and strengthen its economic potential.

The EIB is the leading source of bank finance custom-made for these major projects. Since 1993, it has committed more than 65 billion for establishing trans-European transport, electricity, gas transmission and fixed and mobile telecommunications networks or for extending these to countries bordering on the Union. It has thus supported aggregate capital investment estimated at some 206 billion.

These networks, providing amenities for everyone, offer travellers and consumers greater security and choice, while ensuring for companies that information, goods and data can move rapidly and efficiently. As part of its Innovation 2000 Initiative, the EIB will concentrate on financing high-throughput networks and access to this European-scale infrastructure.

The EIB, in the service of an outward-looking Union





Preparing for enlargement and supporting partnership with non-member countries

The EIB plays an active part in the EU's cooperation policies in favour of some 150 non-member countries. In the regions bordering Europe to the east and south, it is preparing for enlargement and supporting economic modernisation with a view to the future free trade area with the Mediterranean countries. It is very much involved in Agenda 2000 and the Barcelona Process.

For nearly 40 years it has also been closely engaged in EU initiatives to forge firmer links with the African, Caribbean and Pacific (ACP) countries. The Bank will make a proactive contribution to implementing the Suva Partnership Agreement, the successor to the Lomé Convention.

Furthermore, since 1995 the EIB has been conducting operations under an EU mandate in South Africa.

It also supports certain types of project of mutual interest to the EU and the Asian and Latin American countries.

The Bank's terms of reference outside the Union are determined by multiannual mandates entrusted to it by the EU, accompanied by a mechanism guaranteeing, on an overall basis, 65% of outstanding lending. This guarantee is designed to cover the political risk attaching to these operations.

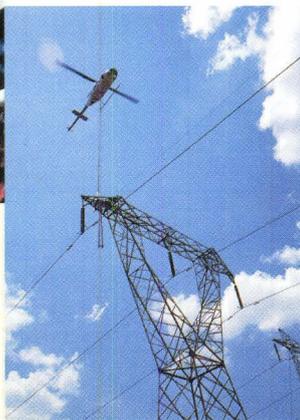
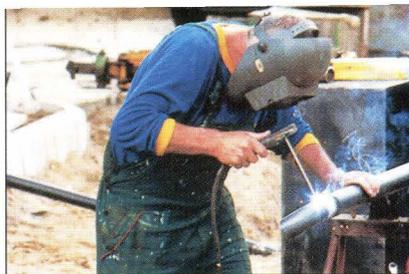
The guarantee decision taken by the Council in December 1999 will enable the Bank to advance more than 18 billion in loans over the period up until 2007 in Central and Eastern Europe, the Mediterranean Region, Asia and Latin America and South Africa. Moreover, an additional 3.9 billion is to be provided, under the post-Lomé system, for the ACP countries.

The Bank has also renewed and extended its "Pre-Accession Facility" for the candidate countries, set up on its own initiative and at its own risk; this second facility amounts to 8.5 billion and covers the period up until 2003.

The Bank is thus well equipped to work towards attainment of the EU's external objectives over coming years. It will, of course, continue to operate in conjunction with EU or Member States' budgetary aid with a view to optimising the impact for the benefit of the countries concerned.

Preparing for

**enlargement and
supporting non-member
countries**



Overcoming the divide in our continent

Preparing for enlargement of the Union

Since 1990, when it launched its initial operations in the Central and Eastern European Countries, the EIB has lent a total of nearly 11 billion in the candidate countries, 2.4 billion of this in 1999.

The EIB attaches priority to extending and modernising communications infrastructure (rail and road links, ports, airports and air traffic control, fixed and mobile telephony), essential for flourishing economic conditions in the candidate countries and their successful integration.

However, Bank strategy also targets direct investment – particularly in partnership with firms from the EU – as well as protecting the natural environment and improving the quality of urban life.

Such operations are carried out with a view to transposing the existing body of Community legislation and regulations, notably via the Pre-Accession Facility. Over the past decade, some 50% of EIB lending has gone to industry as well as projects enhancing the quality of life.

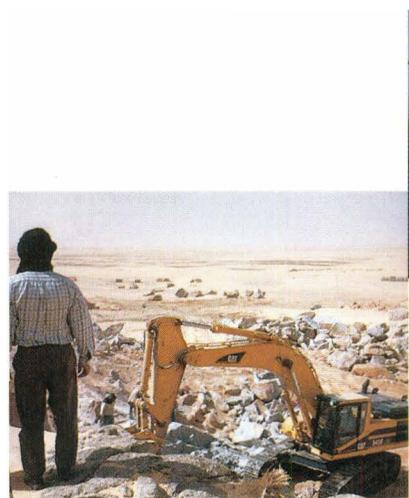
Underpinning the Euro-Mediterranean partnership

Stronger links based on interdependence

With the volume and diversity of resources at its disposal, the EIB is a key player in the Euro-Mediterranean Partnership initiated under the Barcelona Process.

The EIB focuses on financing transport and energy infrastructure, vital for growing economies, and on managing the extremely scarce water resources in this region. Another priority is modernisation of the local financial sector and backing for private enterprise, given the need for economic adjustment with a view to the future EU-Mediterranean free trade area due to be established by 2010.

In fulfilling these objectives, the EIB deploys its loans from own resources, eligible for interest subsidies in the case of environmental projects, as well as venture capital, managed on behalf of the Union – particularly suitable for financing the private sector, establishing new firms and privatising services previously run by the State.



Solidarity with the less developed countries

Vigorous support for the 71 ACP States, the OCT and South Africa

Since the 1960s, the EIB has been playing a proactive part in European development cooperation policies with the African, Caribbean and Pacific countries, supplementing with its loans the substantial input of grant aid from the Union and its Member States.

In these countries, the EIB focuses on mining, industry and agriculture and on upgrading infrastructure in the fields of energy generation and transmission, communications and, particularly in urban areas, water resource management.

The Bank is also active in South Africa, where it supports the Union's policy of assisting with the transition to democracy. Its investment in basic infrastructure benefits the most disadvantaged sections of the population. Some of the projects financed, for instance those concerned with water or electricity, have a regional dimension and make a crucial contribution to greater integration within southern Africa.

Projecting the EU's image throughout the world

Partners with Asia and Latin America

The EIB is authorised to lend in 18 Asian and 18 Latin American countries in support of the European Union's cooperation policy.

The Bank makes a point of financing projects of mutual benefit to the country concerned and the Union, notably through joint ventures bringing together European and local interests centred on transfer of industrial technology or public utilities, such as water resource management, energy supply, telecommunications and transport infrastructure.

Many of the projects in question are carried out under concessions, with European firms entering into public-private partnerships. This type of cooperation makes it possible to optimise the use of available resources and offers European firms the opportunity to demonstrate their expertise while gaining a foothold in markets with strong development potential.

Effective and versatile

Reacting to emergencies

Although basically a source of long-term finance, the EIB is nevertheless capable of reacting rapidly to difficulties calling for an urgent response.

It has, for instance, been involved right from the outset in the international community's efforts to assist in reconstructing the western Balkans. Its Balkan Task Force has identified and prepared the financing of 85 emergency projects with a total value of 3.8 billion, in close cooperation with EU institutions and international donors.

Similarly, the EIB has set in place a 600 million reconstruction facility for Turkey and a 900 million framework loan contract for Greece, in response to the need to rebuild those regions devastated by the earthquakes in the summer of 1999.

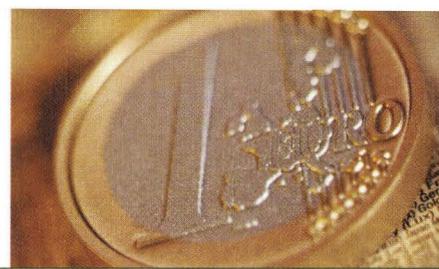
The EIB also makes donations with a view to providing immediate relief for the victims of natural disasters, as in the cases of Poland and the Czech Republic in 1997 as well as Honduras and Nicaragua in 1998. Since 1999, its donations have been directed towards schools in Greece, an orphanage in Turkey, humanitarian aid in Kosovo and Mozambique, as well as emergency relief measures in Hungary and Romania.

The EIB: a top-flight financial intermediary



Investments
Company...
estments
\$11.90
\$7.40

Germany
Italy
Japan
Luxembourg
Mines
MegaTrend



Combining banking techniques and resources

As the world's foremost non-sovereign borrower, the EIB enjoys the highest possible credit rating (AAA) on the capital markets. This enables it to mobilise, on very competitive terms, the substantial volumes of savings – more than 28 billion in 1999 – needed to support its lending activity.

The strategy pursued by the EIB on the capital markets is anchored on the following objectives: to obtain resources at the finest cost in order to onlend them, on a non-profit basis, on the most favourable terms; to exploit its expertise as a benchmark issuer, particularly on the euro markets, and encourage the growth and internationalisation of capital markets in the candidate countries.

Since it grants bank loans, the EIB is inevitably selective in its choice of projects. Hence each financing application is rigorously appraised and followed up on the basis of a financial, technical, economic and environmental analysis.

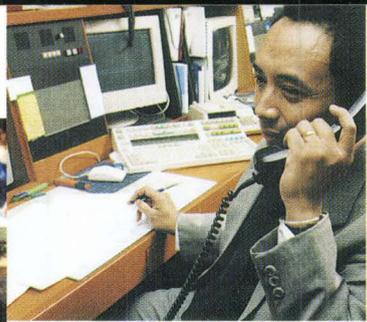
Furthermore, by virtue of its wealth of experience and unique position as both an EU institution and a bank, it is able to assist project promoters in combining the different sources of finance available in the most appropriate manner.

The Bank provides a complementary source of finance. On average, it covers roughly a third of the project cost, concentrating its value added on long or medium-term funding and acting as a catalyst in bringing commercial banks into the finance plan.

The EIB plays a leading role in devising innovative financing solutions; it is able to adapt its lending to the specific requirements of the sectors and projects which it supports in the interests of the Union and to encourage establishment of public-private partnerships, especially for infrastructure projects.

The EIB has also developed very long-term loans for financing Trans-European Networks and also rapidly introduced venture capital instruments to suit corporate requirements. On the strength of its substantial capital base, the EIB is able to move the projects it supports forward, thereby consolidating the future of the Union and its citizens.

Combining
*banking techniques
and resources*



Benchmark issuer

Leading non-sovereign borrower

The attraction of the Bank for its customers is based largely on its ability to tap the capital markets.

Given the success of its euro strategy, the EIB is now establishing itself as the benchmark non-sovereign issuer in this currency. In 1999, it raised 44% of its resources in euro, a percentage likely to be repeated in 2000.

Furthermore, through its benchmark issues, the Bank has made a name for itself as a major international borrower in dollars and sterling. It will continue to develop a borrowing strategy based on liquidity, reduced costs and innovative products.

EIB issues are now being marketed increasingly over the Internet, in order to reach a wider range of potential investors.

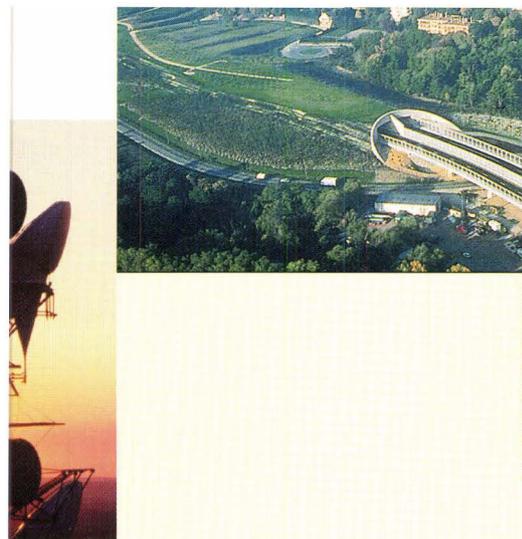
Cooperating with the banking community

A natural and ongoing partnership

In addition to its activity on the capital markets, the EIB maintains very close cooperative ties with the European banking sector, predominantly via intermediated or joint financing, the securing of guarantees or lines of credit (global loans).

Cooperation with the banking community focuses mainly on decentralised indirect financing of small and medium-scale projects, undertaken by SMEs or local authorities, which for reasons of efficiency the EIB cannot finance directly because of their size. Meeting real needs, global loans are channelled through a network of nearly 180 partner banks; they have expanded steadily and account for a third of activity within the Union. Every year they benefit tens of thousands of SMEs or local authorities.

Since 1997, the EIB has also been fostering development of venture capital structures throughout the Union, in close cooperation with the financial community and the European Investment Fund, with a view to strengthening the equity base of innovative and high-technology SMEs.



Public-private partnerships

Combining the advantages of the public and private sectors for projects with a long economic life

In order to maintain a high level of economic investment, the EU Member States are seeking to develop financing mechanisms which bring together the public and private sectors, not only to control budgetary expenditure but also to pool these two sectors' specific know-how.

The Bank's experience in setting up partnerships of this kind is now well established. Its technical expertise contributes considerable value added.

The most noteworthy recent projects include waste-processing or alternative energy production plants in France and the United Kingdom, motorway construction in Portugal, urban transport links in Germany, the Oresund fixed link between Denmark and Sweden, as well as health, education and social housing infrastructure in the United Kingdom, Portugal and Germany.

Helping to open up the capital markets

A driving force for developing markets in emerging economies

When Greece, Spain and Portugal joined the Union, the EIB played a crucial role in developing those countries' capital markets, making an effective contribution to their growth and internationalisation.

In the same spirit and drawing on its previous experience, the Bank has launched borrowing programmes in Czech and Slovak koruny and Hungarian forint, with the aim of opening up and promoting the markets of future member states. Initiatives of this type, making it possible to fund loans in local currency and reduce project promoters' exchange risk, have also been extended to the rand market, in the context of cooperation with South Africa.

The Bank also encourages, outside the Union, the growth of the private sector and privatisation by supporting and strengthening the partner institutions through which its funds are channelled. This applies in particular to development of venture capital instruments in a number of Mediterranean countries.

Acting as a catalyst for different sources of finance

Ensuring additionality and complementarity

As part of the Union's banking and financial community and given its experience in evaluating projects requiring long-term finance, the EIB is able to bring together and involve in its operations banks and credit institutions that are its partners in Europe and worldwide.

In non-member countries, the EIB also cooperates with commercial banks and multilateral or bilateral financial institutions, as well as those EU institutions deploying European or Member States' budgetary funds.

To secure optimum interaction between the resources available, in line with the project in question, the EIB will continue to work together with these entities, especially in promoting the most effective financing packages, sharing risks and ensuring coordination and complementarity between the different partner financial institutions.





The European Union's financing institution

Both an EU institution and a bank, the EIB furthers the objectives of the European Union through its borrowing and lending activity. The fifteen EU Member States subscribe jointly to its capital, increased to EUR 100 billion on 1 January 1999. The Bank raises its resources on the capital markets without placing any burden on the Member States' or the Union's budgets. Loans are approved by its own decision-making bodies on the sole merits of the projects submitted to the EIB.

Its **Board of Governors** consists of Ministers designated by each of the Member States, usually the Finance Ministers. It lays down general directives on credit policy, approves the financial statements, including the balance sheet, commits the Bank with respect to financing operations outside the Union and decides on capital increases. It also appoints the members of the Board of Directors, the Management Committee and the Audit Committee.

Its **Board of Directors**, 24 of whose members are appointed on a proposal from the Member States and one on a proposal from the European Commission, ensures that the Bank is managed in keeping with the provisions of the European Treaties and the EIB's Statute and with the directives laid down by the Governors. It decides on lending and borrowing operations.

Its **Management Committee** is the collegiate and resident 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, recommends decisions to Directors and is then responsible for carrying them out. The President, or in his absence one of the Vice-Presidents, chairs the meetings of the Board of Directors.

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

Balance sheet

as at 31 December 1999

ASSETS (in EUR '000)	31.12.1999	31.12.1998
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	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	11 022 396	6 196 174
c) loans	65 234 401	50 614 348
	76 334 025	56 852 994
4. loans and advances to customers	88 122 260	82 451 072
Specific provisions	- 175 000	- 175 000
	87 947 260	82 276 072
5. debt securities including fixed-income securities		
a) issued by public bodies	2 241 863	2 142 415
b) issued by other borrowers	856 165	1 066 879
	3 098 028	3 209 294
6. shares and other variable-yield securities	137 188	125 151
7. participating interests	160 000	160 000
8. intangible assets	7 195	4 800
9. tangible assets	80 913	82 604
10. other assets		
a) receivable in respect of EMS interest subsidies paid in advance	13 483	19 020
b) sundry debtors	394 242	847 755
c) receivable in respect of currency swap contracts	27 552 657	26 343 804
	27 960 382	27 210 579
11. prepayments and accrued income	3 300 496	3 149 302
	201 103 572	176 544 402



LIABILITIES (in EUR '000)	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	336 626	643 624
	336 626	643 624
2. debts evidenced by certificates		
a) debt securities in issue	147 240 921	122 942 325
b) others	845 441	824 918
	148 086 362	123 767 243
3. other liabilities		
a) payable to Member States	0	4 159
b) interest subsidies received in advance	348 897	324 004
c) sundry creditors	456 134	766 188
d) payable in respect of currency swap contracts	26 032 992	26 787 028
e) sundry liabilities	34 112	32 994
	26 872 135	27 914 374
4. accruals and deferred income	4 918 307	4 555 545
5. provisions for liabilities and charges staff pension fund	395 898	356 763
6. Fund for general banking risks	870 000	750 000
7. capital		
subscribed	100 000 000	62 013 000
uncalled	- 94 000 000	- 57 361 015
	6 000 000	4 651 985
8. reserves		
a) reserve fund	10 000 000	6 201 300
b) additional reserves	1 556 854	6 008 605
	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	1 067 390	1 194 963
	201 103 572	176 544 402



Projects eligible for financing

Within the European Union, projects considered for EIB financing must contribute to one or more of the following objectives:

- strengthening economic and social cohesion: promoting business activity to foster the economic advancement of the less favoured regions;
- improving infrastructure and services in the health and education sectors, key contributors to human capital formation;
- developing transport, telecommunications and energy transfer infrastructure networks with a Community dimension;
- preserving the natural and urban environment, notably by drawing on renewable energy;
- securing the energy supply base by more rational use, harnessing of indigenous resources and import diversification;
- assisting the development of SMEs by enhancing the financial environment in which they operate:
 - through medium and long-term loans;
 - through venture capital support.

Outside the Union, the Bank participates in implementing the Union's development aid and cooperation policies through long-term loans from own resources or subordinated loans and risk capital from EU or Member States' budgetary funds.

The EIB is mandated to conduct operations in:

- the Central and Eastern European Countries and certain Mediterranean Countries which have applied for membership of the EU;
- the Euro-Mediterranean Partnership Countries;
- the African, Caribbean and Pacific States (ACP), South Africa and the OCT;
- Asia and Latin America;
- the Western Balkans.



Individual loans

Who can borrow? Promoters in both the public and private sectors, including banks.

What maturities? Industrial sector: up to 12 years; 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, Swiss francs, a Central or Eastern European currency or South African rand, depending on the borrower's preferences.

What rates? Fixed, variable or revisable.

Repayment: Normally semi-annual or annual payments. Grace periods for capital repayment may be obtained depending on project requirements. Bullet loans are also possible.

Fees: Generally, neither processing, commitment nor any other fees are charged.

Global loans

These are credit lines made available to banks or financial institutions, which onlend the proceeds for small or medium-scale investment projects meeting the Bank's criteria. To complement EIB financing, the intermediary also advances funds in support of the projects concerned.

Who can benefit from the proceeds of global loans? SMEs or local authorities for industrial, service-sector or small-scale infrastructure projects, including housing, health and education schemes.

For what amount? A maximum of EUR 12.5 million and up to 50% of the investment costs.

What maturities? Between 5 and 12 years, or 15 years in exceptional cases.

What security? What rates? To be agreed with the intermediary institution.

Disbursement and loan management: Through the intermediary institution.

Venture capital

Since 1997, the EIB has been deploying throughout the European Union a venture capital facility designed to strengthen the equity base of high-technology SMEs and those with strong growth potential.

Operations under this heading encompass financing for:

- venture capital funds,
- security packages for such funds,
- conditional and subordinated loans.

They are being mounted in close cooperation with the banking and financial communities in the Member States.



Addresses

European Investment Bank

100, bd Konrad Adenauer
L-2950 Luxembourg
Tel. +352 43 79-1
Fax +352 43 77 04

Internet www.eib.org
E-mail: info@eib.org

Office for Lending Operations in Italy

Via Sardegna, 38
I - 00187 Rome
Tel. +39 - 06 47 19-1
Fax +39 - 06 42 87 34 38

Athens Office

364, Kifissias Ave & 1, Delfon
GR - 152 33 Halandri / Athens
Tel. +30 (1) 682 45 17-9
Fax +30 (1) 682 45 20

Berlin Office

Lennéstrasse, 17
D - 10785 Berlin
Tel. +49 (0) 30 59 00 479 - 0
Fax +49 (0) 30 59 00 47 99

Lisbon Office

Avenida da Liberdade, 144 - 156, 8°
P - 1250 Lisbon
Tel. +351 - 21 342 89 89 or 21 342 88 48
Fax +351 - 21 347 04 87

London Office

68, Pall Mall
GB - London SW1Y 5ES
Tel. +44 (0) 207 343 1200
Fax +44 (0) 207 930 9929

Madrid Office

Calle José Ortega y Gasset, 29
E - 28006 Madrid
Tel. +34 - 91 431 13 40
Fax +34 - 91 431 13 83

Representative Office in Brussels

Rue de la Loi, 227
B - 1040 Brussels
Tel. +32 (0) 2 230 98 90
Fax +32 (0) 2 230 58 27



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 Europäische Investitionsbank
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 European Investment Bank
 Banco Europeo de Inversiones
 Banque européenne d'investissement
 Banca europea per gli investimenti
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