Annual Report 2010

European Investment Bank Group • European Investment Bank Group • European Investment Bank Group • European Investment Bank Group

Volume I

Activity Report

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Activity Report

The **EIB Group's 2010 Annual Report** consists of four separate volumes:

- the Activity Report, presenting the EIB Group's activity over the past year and future prospects;
- the Financial Report, presenting the financial statements of the EIB, the EIB Group (under IFRS and EU Directives) and the EIF, along with the related explanatory annexes;
- the Statistical Report, presenting in list form the projects financed and borrowings undertaken by the EIB in 2010, together with a list of the EIF's projects. It also includes summary tables for the year and over the last five years;
- the Corporate Responsibility Report, presenting detailed information on corporate responsibility practices.

The Annual Report is also available on the Bank's website **www.eib.org/report.**

European Investment Bank Group

Contents

Key results 2010

✓ Total EIB lending reached **EUR 72bn in 2010** – EUR 63bn in the European Union, EUR 9bn outside.

✓ In 2010, the EIB financed 460 large projects in **72 countries**.

✓ Lending for climate action in the European Union increased significantly to **EUR 19bn**, representing **30%** of the Bank's EU lending.

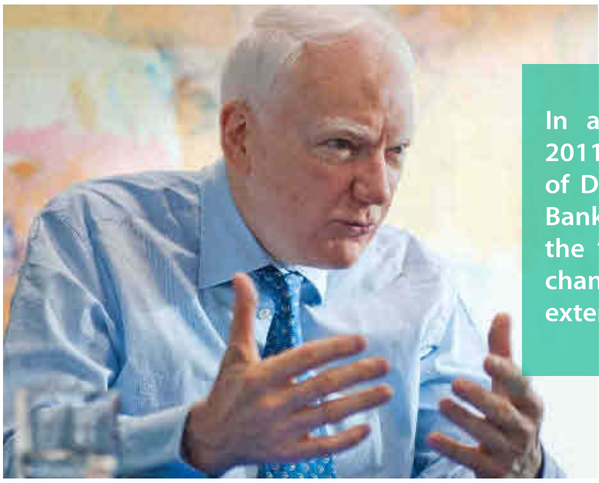
✓ In 2010, the EIB completed delivery of an additional three-year **EUR 61bn EU recovery support package** – EUR 11bn more than originally planned.

✓ In 2010, **115 000** small and medium-sized enterprises benefited from EIB Group financing.

✓ Funding for the convergence regions of the European Union hardest hit by the economic and financial crisis reached **EUR 26bn in 2010**.

✓ The EIB raised **EUR 67bn** on the global bond markets.

Message from the President



In approving the Corporate Operational Plan 2011-2013[1] in December 2010, the EIB's Board of Directors gave three main dimensions to the Bank's activities in the years ahead: implementing the "Europe 2020" strategy, combating climate change and supporting the European Union's external policy.

⇛ Europe 2020

Faced with the financial – then economic – crisis that erupted in 2008, the European states provided a short-term emergency response: these were the different national plans to save the banks and stimulate economic recovery. These national plans were underpinned by the European Economic Recovery Plan approved by the European Council in December 2008. The EIB played its part in this initiative by increasing its lending volume from EUR 48 billion in 2007 to EUR 79 billion in 2009 and by directing this injection of financial resources into the real economy towards sectors identified as priorities by the Council, particularly SMEs.

Following on from this short-term response, which managed to prevent the worst, it is now a question of providing a longer-term response: this is the "Europe 2020" strategy, the concerted implementation of reforms and investment designed to increase the European economy's potential for growth – smart, sustainable and inclusive growth. The key challenge is to boost employment and productivity on the basis of the "knowledge triangle": **training**, especially to increase the proportion of graduates; **research**, to advance the technology frontier; and **innovation**, which must be disseminated more rapidly throughout the economy.

The EIB stands ready to make a major contribution to implementing this strategy. In 2010, it already provided finance worth over EUR 4 billion for projects in the education sector and over EUR 7 billion for research, development and innovation (RDI) projects. It plans to step up its financing in these fields because strengthening the knowledge triangle not only has a positive impact on competitiveness but is also important for combating poverty and social exclusion. The EIB intends to continue setting up joint financing instruments with the Commission, like the research-oriented Risk Sharing Finance Facility (RSFF). Such instruments leverage the EU budget (with the same budgetary amount, the budget supports a larger volume of investment) while at the same time alleviating the EIB's capital constraints (with the same amount of capital, the EIB can provide a greater volume of loans)[2]. Clearly, the EIB's contribution to the Europe 2020 strategy will be all the more effective if it is based on pragmatic (not bureaucratic) cooperation with the European Commission and other financial institutions.[3]

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[1] See http://www.eib.org/about/publications/operational-plan-2011-2013.htm

[2] The RSFF operations illustrate this twin effect. At the end of 2010, an EU budget contribution of EUR 390 million plus an EIB capital allocation of EUR 772 million enabled the EIB to grant RSFF loans amounting to EUR 6.3 billion for research projects totalling EUR 16.2 billion.

[3] See page 42

⇛ Combating climate change

Combating climate change and its sometimes dramatic consequences has become a priority for the European Union and therefore the EIB. The Fukushima nuclear accident and the concerns that it has triggered further underline the need to invest massively in energy savings, renewable energies and new energy technologies.

In 2010, EIB loans for projects contributing directly to the reduction of greenhouse gas emissions[4] amounted to EUR 20.5 billion, accounting for nearly 30% of our total loans. Of these, loans for **renewable energy** projects came to EUR 6.2 billion, mainly for wind and solar power projects. Loans for **energy efficiency** projects amounted to EUR 2.3 billion in 2010 and are set to increase in the years ahead. And there is still enormous potential for energy savings, especially in public buildings and housing in a large number of European towns and cities. Projects aimed at promoting **urban transport** and reducing pollution from private means of transport were financed by EIB loans to the tune of EUR 7.9 billion in 2010.

At the same time, the EIB is ahead of the curve in developing a methodology for evaluating more precisely the carbon footprint of all the projects that it finances. This is inevitably complicated because of the technical difficulties to be overcome, but it demonstrates our commitment to making combating climate change a major priority of our future action.

⇛ The European Union's external policy

No political power can be a presence on the international stage without a financial underpinning. China has fully understood this: it is mounting financial operations throughout the world to support its foreign policy goals. If it genuinely wants to develop an external policy that has a certain amount of global influence, the European Union must also have a financial arm. If the Union so wishes, the EIB can be that arm.

This was one of the main conclusions of the Camdessus Report on the EIB's external mandate.[5] It remains to be seen whether the Member States, who are also the shareholders of the EIB, will take up this recommendation and make a clear choice when preparing the financial perspectives for 2014-2020. This would involve close ties between the EU External Action Service and the EIB departments responsible for operations outside the EU, as well as greater coordination with other national and international financial institutions.

In these first decades of the 21st century, the European Union must rise to a number of challenges. In facing at least some of these, it must be able to rely on the EIB and its qualified staff, financial strength, technical expertise and good governance.

Philippe Maystadt

[4] *To qualify for this category, projects must reduce emissions by at least 20%.*

[5] *To review the external mandate, the Ecofin Council decided to set up a group of experts, chaired by Michel Camdessus and tasked with making recommendations to the Commission, the Council and the European Parliament. This report was submitted on 9 February 2010.*

See http://www.eib.org/about/documents/mtr-external-mandate-report-steering-committee.htm

Supporting economic growth and jobs

In 2010, the EIB successfully completed its two-year anti-crisis activities and began to return to pre-crisis lending levels.

Financing contracts totalling EUR 71.8bn were signed with clients compared to the record level of EUR 79bn in 2009, at the height of the crisis. Disbursements reached EUR 58.7bn, up from EUR 54bn the year before.

As market conditions improved for large corporations and banking counterparts the demand for traditional EIB lending operations started to decrease as these clients found it easier to borrow from the credit and capital markets and no longer relied on the EIB to the same extent. Consequently, the EIB has begun to adjust its focus by targeting operations where its financing is likely to have the greatest impact on economic growth.

Lending for projects with a higher degree of risk and reward in areas such as research, development of sustainable infrastructure and innovation has the greatest impact on the growth potential of the economy.

The EIB's lending strategy in the years ahead will be aligned with the objectives of the Europe 2020 Strategy and the climate action needs (dealt with in a separate chapter). The Bank will continue to cooperate with the European Commission to develop innovative financing instruments in these two areas.

Sustainable growth implies promoting a more resource-efficient, greener and more competitive economy

R&D for a new generation of commercial aircraft engines, Safran, France

The Europe 2020 Strategy

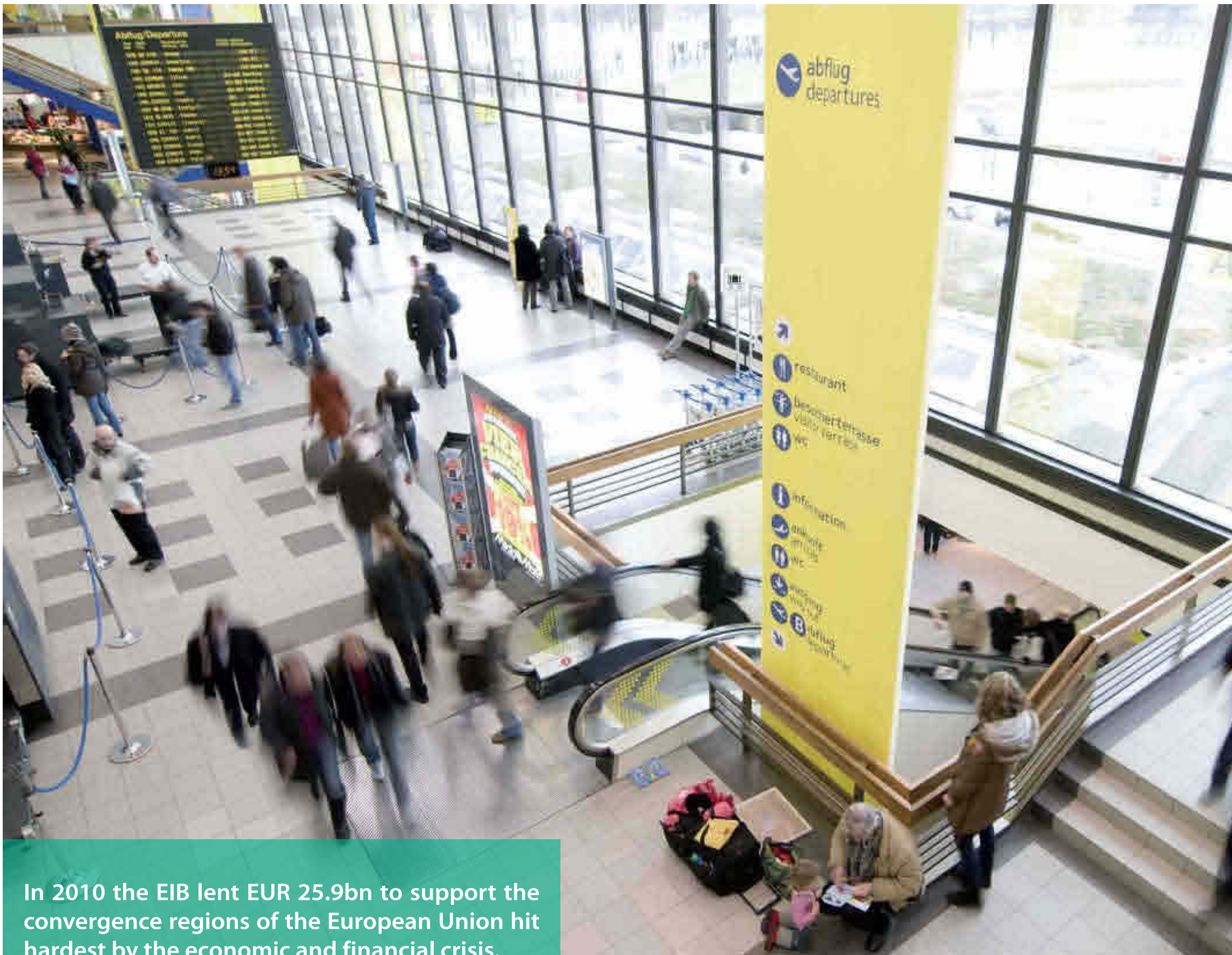
Following on from the European Recovery Plan, which guided the European Union through the crisis, the roadmap for the future is the Europe 2020 Strategy for jobs and growth, endorsed by the European Council in 2010. The Strategy puts the emphasis on investing in areas that help to achieve smart, sustainable and inclusive growth. Smart growth means developing an economy based on knowledge and innovation. Sustainable growth implies promoting a more resource-efficient, greener and more competitive economy. Inclusive growth signifies fostering a high-employment economy, delivering economic, social and regional cohesion.

The Europe 2020 Strategy targets five principal areas: employment; research and innovation; climate action and energy; education; and combating poverty. The targets are interrelated. Better education helps employability and progress in increasing the employment rate helps to reduce poverty. A greater capacity for research and development as well as innovation across all sectors of the economy, combined with increased resource efficiency, improves competitiveness and fosters job creation. Investing in cleaner technologies helps our environment, contributes to fighting climate change and creates new business and employment opportunities. The EIB has a role to play in all of this.

To promote Europe 2020, a dedicated task force was created in the EIB in 2010. It is focusing on how the Bank can best coordinate and support investments in transport, research, development and innovation (RDI), energy and climate action projects, as well as cohesion and convergence.

STMicroelectronics: Clean room operator, France

Helping the convergence regions of the European Union



In 2010 the EIB lent EUR 25.9bn to support the convergence regions of the European Union hit hardest by the economic and financial crisis.

Berlin airport, Germany

Support for the convergence regions remained at a high level of 41% of total lending in the EU. During the year, exceptionally large structural programme loans (SPLs) helped to ensure continued public sector investment in some Member States.

SPLs are framework loans that finance part of the national budgets' contribution to investment in a wide range of priority projects that are supported by subsidies from the European Union Structural Funds. In times of austerity it has proved difficult for some Member States to finance their own contribution, putting at risk the implementation of investments that could increase their gross domestic product. The EIB's pre-financing of the countries' contributions is all the more important because it stabilises investment and contributes to recovery and growth.

Exceptionally large EIB loans helped to ensure continued public sector investment in some Member States

The EUR 2bn SPL for the Greek Government was the largest-ever EIB loan in Greece. Its objective is to support economic recovery and accelerate the transition to a smart, sustainable and inclusive growth path, in line with the Europe 2020 Strategy. EUR 500m was already disbursed in 2010. In the short term the loan will reduce the risk of postponing investment in key infrastructure and regional assets. The funds will be used for supporting investment in railways, environmental protection, energy efficiency and renewable energy, water, waste, research and development, and information and communications technology. EIB loans in Greece totalled EUR 3.1bn in 2010, compared to EUR 1.6bn the year before.

Of the EUR 1.5bn loan the Bank granted to Portugal, an initial EUR 450m tranche was disbursed in 2010. The funds were used to support public investments in a wide variety of sectors, including transport, ICT, water, waste, energy efficiency and renewable energy. Total EIB finance in Portugal reached EUR 3.4bn (EUR 3.7bn in 2009).

The Polish Government also received a EUR 2bn framework loan, which in turn was historically the largest EIB loan granted in Central and Eastern Europe. EIB lending in Poland is the highest among the countries that joined the European Union in or after 2004 and has shown a strong upward trend in recent years. In 2010 loans to a broad range of public and private sector customers amounted to EUR 5.6bn, up from EUR 4.8bn in 2009, which was already 70% higher than the year before. Over the last five years (2006-2010) total EIB lending in Poland has amounted to EUR 17.5bn.

Convergence in the EU

Breakdown of 2010 signatures by sector

		Total
	Amount (EUR m)	%
Communications infrastructure	8 099	36
Energy	4 718	21
Urban development	2 020	9
Water, sanitation, waste	999	4
Health, education	3 158	14
Industry	1 302	6
Services	1 850	8
Agriculture, fisheries, forestry	130	1
Total individual loans	**22 276**	**100**
Credit lines in convergence regions	3 620	
Total loans	**25 897**	

- **JASPERS – Joint Assistance to Support Projects in European Regions** (EIB, European Commission, European Bank for Reconstruction and Development and KfW Bankengruppe);
- **JESSICA – Joint European Support for Sustainable Investment in City Areas** (EIB, European Commission and Council of Europe Development Bank);
- **JEREMIE – Joint European Resources for Micro-to-Medium Enterprises initiative** (EIF, European Commission);
- **JASMINE – Joint Action to Support Micro-Finance Institutions in Europe** (EIF and European Commission).

Athens tramway, Greece

Framework loans also went to other EU convergence countries, including Cyprus, the Czech Republic, Hungary and Slovakia. EIB framework loans totalled EUR 11.6bn in 2010, compared to EUR 8.5bn in 2009, reflecting the rapid increase in the use of this financial product.

Technical assistance for Member States

Technical assistance plays a fundamental role in helping the 12 Member States that have joined the European Union since 2004 to prepare major projects to be submitted for grant financing under the EU's Structural and Cohesion Funds. That is the role of the Joint Assistance to Support Projects in European Regions (JASPERS) initiative which, since it started operations in 2006, has completed 399 project assignments, submitted 185 JASPERS-supported project applications to the Commission, and seen 104 JASPERS-supported projects approved. The total investment volume of completed project assignments now tops the EUR 40bn mark. JASPERS is preparing for the 2014-2020 Structural Funds programming period so that it will be able to make a rapid start.

JASPERS' technical assistance is provided free of charge and geared towards better and faster absorption of the available funds. Managed by the EIB and headquartered in its Luxembourg office, with local representations in Bucharest, Warsaw and Vienna, JASPERS is a joint initiative with the European Commission, the EBRD and the German Kreditanstalt für Wiederaufbau (KfW).

Financing of small and medium-sized enterprises

In 2010, the EIB Group supported some 115 000 SMEs via intermediaries. The EIB contributed EUR 10.0bn in credit lines for onlending to SMEs, while the EIF provided SME guarantees and risk capital totalling EUR 2.8bn.

For the EIB the 2010 figures compare with the record level of EUR 12.7bn in 2009 at the height of the crisis.

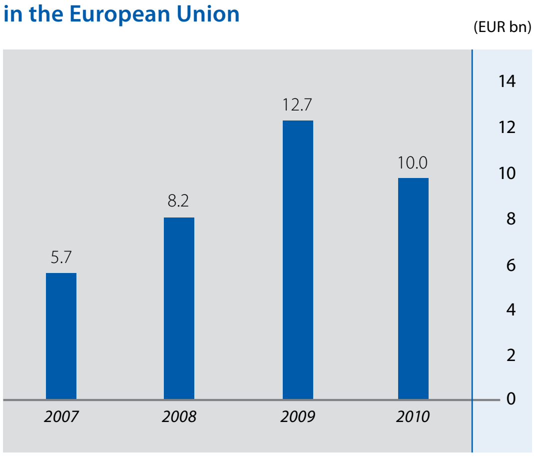
Increased EIB support for small and medium-sized enterprises (SMEs) was one of the elements of the Bank's support for economic growth and jobs under the European Economic Recovery Plan adopted by the ECOFIN Council – the Finance Ministers of the Member States – in December 2008. The target set by the December 2008 ECOFIN Council of EUR 30bn in lending to SMEs between 2008-2011 was reached a full year ahead of schedule.

The impact of the increased lending to SMEs was equitable and widespread. More than 63 000 SMEs throughout the EU benefited via EIB credit lines in 2010. One of the conditions for intermediaries operating EIB lines of credit is that every euro the Bank provides must at least be matched by the intermediary, thus effectively doubling the amount available to SMEs. Intermediaries are also obliged to pass on the pricing advantage of the attractive EIB terms to European SMEs. At year-end the EIB had credit lines with more than 170 financial intermediaries in 24 of the 27 Member States.

During the crisis, the EIB made a special effort to help SMEs in the Member States in Central and Eastern Europe (where signatures in 2010 remained close to the 2009 level) and the Candidate and Potential Candidate Countries. While continuing its normal close cooperation with local banks, which faced problems as a consequence of their deteriorating loan portfolios, in 2009 the EIB had also joined the EBRD and the World Bank Group in

the Joint International Financial Institutions (IFI) Action Plan to step up support for SMEs in Central and Eastern Europe to EUR 24.5bn for 2009-2010. Within this envelope the Bank undertook to double the resources it normally makes available to a total of EUR 11bn by end-2010, a target that was met much earlier in the year. EIB lending under the Joint Action Plan amounted to EUR 14bn at the end of 2010, 25% more than was originally planned.

EIB lending to SMEs (2007-2010) in the European Union



New loan formula for mid cap enterprises

In parallel, the EIB updated its intermediated lending for mid cap enterprises. Larger than SMEs and employing fewer than 3 000 people, mid caps still lack broad access to the full range of corporate financial instruments. The financial crisis had an immediate and significant impact on the finance available for mid caps, in much the same way that it affected SMEs. Commercial banks – often the main or only source of mid cap funding – tightened credit standards and increased spreads. There was a risk that the credit squeeze would prevent mid caps from making new investments, thus hindering the European economic recovery.

Applying the lessons learned from SME financing, the EIB reviewed the Loan for Mid Caps – an intermediated loan scheme created in 2003 – in order to step up its support in 2010. The Loan for Mid Caps was designed for investments of up to EUR 50m, which would typically be too small to justify a direct EIB loan, but where the size of the investing mid cap and amount of the investment disqualified it from the EIB's SME financing. For projects costing up to EUR 25m the Bank has now aligned its procedures with those applying to smaller loans for SMEs, while projects costing between EUR 25m and EUR 50m are subject to a simplified project appraisal. This is for an initial trial period of two years, during which time the EIB expects a substantial increase in support for mid caps.

The impact of increased lending to SMEs was equitable and widespread

The EIF and SMEs

The European Investment Fund (EIF), which together with the EIB forms the EIB Group, is the specialist arm for SME risk financing operations. Throughout 2010, the EIF continued to play a key role in supporting European SMEs post-crisis. Fulfilling its role of cornerstone fund-of-funds investor, the EIF achieved record volumes of equity signatures, deploying resources across all mandates and promoting innovation, growth, entrepreneurship and job creation. Access to finance was enhanced for over 51 000 European SMEs through the EIF's provision of guarantee products to financial intermediaries and, in its capacity as guarantor of SME transactions, the EIF contributed to the recovery of the SME securitisation market by signing its first two transactions since the crisis.

After a phase of careful preparation, the Joint European Resources for Micro-to-Medium Enterprises (JEREMIE) programme for regional development is now fully operational, with the first financing being disbursed and reaching local SMEs. JEREMIE gives regions and Member States the possibility to use grant finance from the Structural Funds to create a broad range of financial products. Extending its scope of operations, the EIF participated in new EU policy-driven initiatives, notably the European PROGRESS Microfinance Facility (EPMF), set up to increase access to finance for micro entrepreneurs, the unemployed and other people without access to the traditional banking system.

In 2010, the EIF invested over EUR 930m in venture capital growth funds in Europe. In total it now has commitments of EUR 5.4bn in over 350 funds. The EIF is one of the major players in the private equity industry in Europe. While the equity instruments improve the availability of capital for SMEs, it is equally important to target their debt requirements by providing guarantees and securitisation. In 2010, the EIF granted guarantees totalling EUR 1.9bn. The aggregate outstanding guarantee portfolio amounted to EUR 14.7bn at end-2010.

PROGRESS: addressing social exclusion with microfinance

The European PROGRESS Microfinance Facility is a facility jointly funded by the European Commission and the European Investment Bank, with each institution contributing EUR 100m. PROGRESS, which is managed by the European Investment Fund, improves access to finance for certain at-risk groups that have difficulties in accessing the traditional banking system (e.g. the unemployed, minorities and other people at risk of social exclusion) for self-employment and micro-enterprises. PROGRESS is expected to have a substantial impact on the fight against unemployment within the EU. By the end of 2010, the first EUR 8m had already been committed to microfinance institutions. The overall leverage of the facility is expected to reach 3 to 3.5 times the funds committed.

New instruments and funding for the EIF

In order to provide the EIF with additional headroom to meet all anticipated venture capital activity over the long term, the EIB decided to increase the funds entrusted to the EIF under the Risk Capital Mandate by EUR 1bn. The additional resources create a self-sustaining EUR 5bn revolving risk capital fund, which will be used mainly to support early-stage, technology-driven SMEs and which will act as a catalyst in attracting significant additional private sector investment in this sector.

At the height of the crisis in 2009, the EIB made EUR 1bn available to be invested on its behalf by the EIF as the Mezzanine Facility for Growth. Mezzanine finance is a mix of debt and equity, often in the form of loans with a lower seniority or for transformation into equity, which is particularly suitable for developing and high-growth small businesses. At the end of 2010 – and under difficult market conditions – the EIF had committed some EUR 224m in a range of funds. Contractual requirements ensure that the Bank's contribution is at least doubled, leveraging the effect of the EIB Group's intervention significantly.

Building the infrastructure of the internal market

In 2010 the EIB lent EUR 7.8bn for European transport networks and another EUR 235m for transport projects in Serbia that link up with the EU transport network. This compares with EUR 11.2bn in 2009.

High-speed rail line, Spain

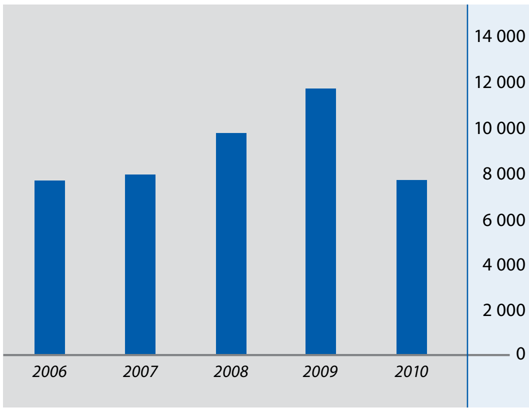
EIB loans for trans-European networks (TENs) are generally large as they support large-scale investment projects. When such projects are temporarily put on hold, as they have been because of the economic and financial crisis, the difference in EIB lending figures from one year to the next can be considerable. Nevertheless, railways, motorways and waterways remain important as essential contributors to the functioning of the internal market as well as a key element of the competitiveness of European industry and services.

In 2010, for the first time rail projects accounted for more EIB finance than investment in roads. Bank financing for rail projects reached EUR 4.1bn – a 30% increase compared with 2009 and just over half of all TENs lending in 2010. Road projects accounted for EUR 2.5bn, compared to EUR 4.5bn the year before. High-speed rail played an important role, with almost EUR 2bn in loans going to the construction of high-speed rail lines in Spain and Portugal, and to the Tyrol section of the Brenner railway link in Austria.

Trans-European transport networks

Signatures 2006-2010: EUR 46bn

(EUR m)



In 2010 EIB finance for sustainable transport, including urban transport, saw a 50% increase compared with 2009, reaching EUR 9bn. Sustainability requires a mix of transport solutions and the EIB prioritises investments in railways, inland waterways and maritime projects. The Bank lent EUR 125m for the construction of two new locks and dredging works on Wallonia's inland waterways. Both schemes are located on the Rhine/Meuse-Main-Danube priority trans-European corridor.

Private finance for public investment

Well-functioning infrastructure networks are the backbone of prospering economies. The EU is facing large infrastructure investment needs over this coming decade: in the "old" Member States a significant part of the existing capital stock is coming up for renewal; in the "new" Member States, there is still a need to increase the stock of infrastructure networks. With public budgets under pressure, the relative importance of private finance for infrastructure investment is increasing.

Public-private partnerships (PPPs) have played an important role in investment in transport networks, although the number of PPPs has decreased during the crisis. In PPPs public authorities and businesses typically cooperate to ensure funding, construction and maintenance of infrastructure projects. In terms of lending volume, PPP projects accounted for 32% of EIB-financed trans-European transport lending in 2010.

The EIB has considerable experience and expertise in the field of PPP financing and has set up the European PPP Expertise Centre with a network of members that now, in addition to the EIB and the Commission, includes 30 EU and associated countries as well as many regions. The Centre facilitates the effective sharing of experience and best practice, provides support for project preparation and advisory services to the public sector promoters of priority trans-European network projects, and aims to play a role in relaunching PPP finance in the future.

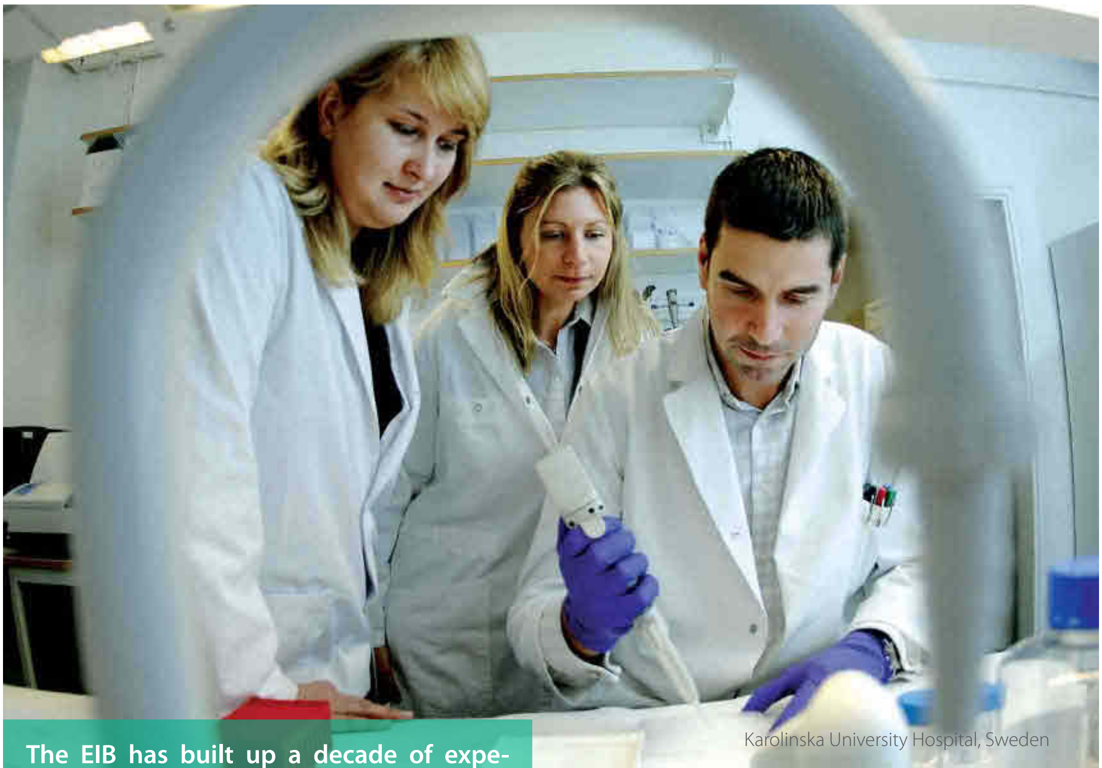
EU project bonds on the horizon

The idea of launching so-called EU project bonds was first raised by Commission President Barroso during his "State of the Union address" in Brussels in September 2010. The main objective of the initiative would be to attract additional private sector financing for individual infrastructure projects. Project bonds would act as a catalyst in attracting private capital and thus not increase direct public funding or contribute to government indebtedness. They would be subscribed by banks and institutional investors, and receive the backing of credit enhancement by the EIB and the Commission under a risk-sharing mechanism. Institutional investors such as pension funds are attracted to infrastructure assets because their long life helps balance the funds' long-term liabilities.

Project bonds are one of the financial products being discussed in the context of the Europe 2020 Strategy and if they are to become a fully-fledged part of the EU's infrastructure financing toolkit, it will not be before the budgetary period 2014-2020.

Sustainability requires a mixture of transport solutions and the EIB prioritises railway investments

Driving innovation



The EIB has built up a decade of experience and expertise in the knowledge economy, lending close to EUR 103bn over the period 2000-2010, with EUR 17bn in 2010 alone.

Supporting the establishment of a competitive, knowledge-based economy capable of sustainable growth is one of the Bank's top priorities. Since 2000, the EIB has been financing investment in research, development and innovation (RDI), education, and information and communications technology – the pillars of the knowledge economy.

The EIB's lending in 2010 focused on the "knowledge triangle", which links education, research and development, and innovation – all three key to Europe's competitiveness and long-term economic growth. Not only does reinforcing the knowledge triangle have a positive impact on competitiveness – it is also important for fighting poverty, social exclusion and inequality.

It all starts with education

Improved education lays the basis for future economic growth and employment, and is one of the key areas on which the Europe 2020 Strategy concentrates. The EIB's lending covers the complete life cycle from pre-school, primary, secondary and tertiary education to professional training and adult education. In 2010 the Bank lent a total of EUR 4.4bn for education projects.

In the French town of Lille a EUR 200m EIB loan helped to provide the region with 30 new or renovated collèges (lower secondary schools) that are accessible to young people with restricted mobility and equipped with appropriate, high-performance IT facilities. The schools comply with best practice energy-efficiency and environmental standards and will ultimately benefit 16 000 students.

Research and development

EIB loans for research and development totalled EUR 7.3bn in 2010 and supported a broad range of sectors.

Supporting innovative R&D in the automotive sector was part of the EIB's response to the economic crisis. The European Clean Transport Facility (ECTF) was set up in November 2008, its primary objective being to provide, in the short term, support for investments targeting emission reduction and energy efficiency in the European motor industry. At a time of unprecedented weakness in demand, the ECTF was designed to stabilise the level of private-sector promoters' R&D investment programmes. As planned, the ECTF provided an additional EUR 9bn in loans to the sector in 2009 and 2010, involving a total of 36 projects. At the end of 2010 the ECTF was phased out and consequently lending for R&D in the automotive sector is expected to return to pre-crisis levels. The focus, however, remains on leading-edge solutions that will help to improve the environment as well as Europe's competitiveness, for instance the development of electric vehicles.

For maximum impact, the EIB also launched new financial instruments for innovative solutions and technologies that might not easily be financed through conventional funding sources. One of these instruments is the Risk Sharing Finance Facility, a joint initiative of the European Commission and the Bank that provides for lending to higher-risk, higher-reward projects. RSFF loan signatures in 2010 reached EUR 1.8bn, down EUR 1bn on the year before – a sign that the credit squeeze is easing for the companies that turned to the EIB at the height of the crisis. Since its creation in 2007, more than EUR 6bn in RSFF loans have been concluded. Among the borrowers that benefited from RSFF support in 2010 was AGFA – for investments in healthcare R&D in Belgium, Germany, Austria and France. EUR 130m went to improved healthcare IT and imaging technology, which will help hospitals reduce costs and deliver quality healthcare over the longer term.

Digital networks

Information and communications technology infrastructure strengthens and accelerates the dissemination of information, knowledge and innovation, for example through next generation access, such as fibre-to-the-home and mobile broadband. The Reggefiber-to-the-home project in the Netherlands, for which the EIB lent EUR 142.5m in 2010, involves the roll-out of a very high-speed broadband access

Reinforcing the knowledge economy is also important for economic growth

Sincrotrone Trieste, Italy

Knowledge economy
Financing

(EUR m)

	2010	2000 -2010
ICT infrastructure	4 761	25 208
Education and training	4 356	22 276
Research and development	7 349	53 258
Other	79	2 515
Total	16 544	103 258

infrastructure. The design is based on open access in order to allow for competition between multiple telecommunications service providers. Dedicated optical fibres will reach some 650 000 homes. The EIB lent EUR 4.8bn for ICT projects in 2010.

The EIF and innovation

The EIF's technology transfer programme focuses on the needs of European research organisations. Technology transfer is the process by which the results of research and development are transformed into marketable products or services. This commercialisation can take place in several ways, notably through collaboration between research organisations and industry, through licensing or assignment of property rights and the creation of start-up businesses or university spin-out companies.

Sincrotrone Trieste

IRUVX-FEL – infrared, ultraviolet, X-ray free electron lasers – have high priority for European research infrastructure. In 2010, the EIB lent EUR 20m for investments by Sincrotrone Trieste in its linear accelerator to improve optics and imaging programmes for magnetic materials and living cells. The loan was also for the construction of a tri-generation plant to harness the "waste energy" of operations in the laboratory and reduce energy requirements.

Ensuring secure and competitive energy supplies

Lahti power plant, Finland

With EUR 14.8bn in loans in 2010, support for energy projects now represents more than 20% of all EIB lending.

Part of the EIB's mission is to help the EU reach its energy policy goals of sustainability, competitiveness and security of supply. Aware of the growing investment needs, the EIB has substantially increased its lending for energy projects.

The EIB is a natural partner for financing energy infrastructure

Building energy infrastructure for the future

As energy networks are ageing and renovation needs are rapidly increasing, investment in grids is a key priority for Europe. The EIB is a natural financial partner and – as the largest provider of debt to energy grids in Europe – has traditionally played an important role in financing energy infrastructure. In 2010, EIB loans to support energy networks amounted to EUR 3.8bn. The EIB particularly supports large European interconnection projects, such as the upgrading and expansion of Spain's electricity transmission network to improve connectivity and enable efficiency gains in the supply of traditional and renewable energy sources, which the EIB supported with finance totalling EUR 600m. Other 2010 flagship projects include an energy link connecting previously isolated Malta to the European grid (EUR 100m) and other international interconnections, such as the upgrading of the Hungarian electricity transmission network, increasing its internal and cross-border capacity (EUR 150m).

Medgaz, Algeria

The most effective way of attaining the EU's goals in terms of sustainability, competitiveness and security of energy supply is to promote investments in energy efficiency and renewable energy. With investments totalling EUR 7.3bn, these two have accounted for almost half of all energy investment financed in 2010. More information about the EIB's energy efficiency and renewable energy lending can be found in the climate action chapter.

Diversifying energy sources, securing Europe's supplies

Investments for the diversification and security of energy supplies amounted to EUR 3.7bn in 2010. Projects financed included combined heat and power production plants in Finland, Italy and Spain, and power stations operating on natural gas as well as gas field development in the Danish and Norwegian waters of the North Sea.

In 2010 the EIB, EBRD and International Finance Corporation (a member of the World Bank Group) signed a mandate letter to start appraisal of the Nabucco gas pipeline project, which aims to transport gas from both the Caspian Region and the Middle East to European consumer markets. The purpose of the pipeline is to meet future EU gas demand and diversify Europe's pool of supplier countries. The early involvement of the three international financing institutions will support Nabucco in meeting the highest standards in environmental and social risk evaluation and procurement. The appraisal of the project will include a thorough assessment of commercial, social and environmental aspects. The potential financing package for the investment is around EUR 4bn, of which EUR 2bn from the EIB.

Energy investment outside the EU

In 2010 the EIB decided to increase by 50% to EUR 4.5bn the multiannual facility for energy sustainability and security of supply to finance projects in Neighbourhood Countries, ACP countries, South Africa, Asia and Latin America. By the end of the year over 100% of the original EUR 3bn had already been signed, approved or earmarked for appraisal. Most of the funding under the multiannual facility has been for investment in renewables and energy efficiency.

Moreover, outside the facility but under the FEMIP mandate for Mediterranean countries, a EUR 500m loan went to MEDGAZ, contributing substantially to the security of EU energy supply. The Bank loan is being used for the construction of a gas pipeline between Algeria and Spain, including a gas-receiving terminal on the Spanish side and a compressor station at Beni Saf in Algeria.

Supporting climate action

Offshore installation of a wind turbine, Belgium

In 2010 lending for climate action reached EUR 20.5bn, or almost 30% of all EIB lending. For the EIB climate action – mitigation as well as adaptation – is a top priority.

Hellisheidi geothermal complex, Iceland

The Bank's lending activities in this area fully support the "green growth" objective at the core of the Europe 2020 Strategy. The EIB's climate action focuses on both low-carbon investments that mitigate greenhouse gas emissions and climate-resilient projects that improve adaptation to climate change impacts. Supporting mitigation and adaptation takes place in the framework of the EIB's sector lending policies, particularly those concerning energy, transport, water, wastewater, solid waste, forestry, and research, development and innovation.

Mainstreaming

Climate action is increasingly being mainstreamed into the EIB's lending activities. In essence mainstreaming is about aligning all EIB financing with the Bank's climate action strategy. In practice, climate considerations are being progressively integrated into all of the EIB's operations and are part and parcel of internal processes.

Projects with climate change implications are assessed by the EIB to ensure that they incorporate and meet EU and internationally accepted climate policy requirements, employ best available technology and consequently support low-carbon and climate-resilient growth during implementation and operation. The Bank has developed its own methodology to measure greenhouse gas emissions produced by the projects it finances and evaluates the potential of relevant projects to generate carbon credits.

Mainstreaming is about aligning all EIB financing with the climate action strategy

Projects in vulnerable sectors are screened to ensure that climate risk factors are taken into account in the project cycle. The Bank has also integrated adaptation considerations into a number of its sector lending policies and finances adaptation projects, notably in the water sector. This approach is being extended to the entire EIB portfolio. The Bank can also help public and private sector project promoters to prepare and finance mitigation and adaptation projects via technical assistance programmes. This encourages best practice, provides policy guidance and ensures beneficial capacity building.

Partnering

But the EIB does not do this alone. The problem is global and the response must be collaboration on a global scale. The Bank works closely with other EU institutions, the governments of EU and partner countries, and other international or bilateral financing institutions. It acts as a catalyst and an experienced partner in supporting climate investments in and outside Europe. It co-finances low-carbon and climate-resilient projects with private sector companies and the public sector, and can help leverage funds.

With the ELENA (European Local Energy Assistance) initiative the Bank and the European Commission are helping to prepare large sustainable energy investments in cities and regions. The Dasos Timberland Fund, the Marguerite Fund and the DIF Renewable Energy Fund are examples of a series of funds set up with other institutions and the private sector to provide equity investment in renewable energy, energy efficiency and forestry. The Global Energy Efficiency and Renewable Energy Fund (GEEREF) targets investments in renewable energy and energy efficiency through sustainable energy infrastructure funds in developing countries and economies in transition. It is advised by the EIB Group and supported by the EU, Germany and Norway, as well as emerging market investors. Moreover, all EIB carbon funds have been set up in cooperation with other national or international financing institutions. These are just a few examples of the EIB's climate action initiatives together with its European and international partners.

Investing in renewable and efficient energy

Investment in renewable energy and energy efficiency is central to the EIB's lending in the energy sector and contributes to making Europe's energy supplies more sustainable, competitive and secure.

Renewable energy and energy efficiency investments are the best way to help the European Union achieve its energy and climate targets by 2020. These are to reduce greenhouse gas emissions by 20% compared to 1990 levels, to raise the share of renewable energy in final energy consumption to 20%, and to increase energy efficiency by 20%.

Renewable energy

EIB lending for renewable energy has grown dramatically over the last few years to reach EUR 6.2bn in 2010. The share of renewable lending in the overall EIB energy portfolio grew from less than 10% in 2006 to nearly 30% in 2009 and 34% in 2010. The majority of this lending goes to wind and solar power generation projects.

Among the investments supported by the EIB in 2010 was Enel Green Power's (EGP) investment programme in Italy, which centres on the installation of 840 MW of new renewable energy capacity through the construction of small and medium-scale wind farms and photovoltaic plants in 50 locations throughout Italy but largely concentrated in the South. The total cost of EGP's three-year investment programme will be around EUR 1.26bn, almost half of which is being met by the EIB.

EIB lending for renewable energy has grown dramatically

Mougueiras wind farm, Portugal

Investment in offshore wind farms in the EU is taking off rapidly. In 2010, the EIB lent EUR 450m for the construction of the second and third phases of the offshore wind farm on the Thornton Bank, located some 30 km off the Belgian coast in the North Sea. Construction will take place between 2011 and 2013 and it will be the first time that 6 MW offshore wind turbines will be used. The 48 turbines will have a combined capacity of 295 MW, taking the full wind farm capacity to 325 MW – enough to provide power to 600 000 inhabitants and to avoid 450 000 tons of carbon emissions a year. The EIB loan was part of a non-recourse financing package of EUR 1.3bn, in which two export credit agencies and seven commercial banks also participated. Project Finance International magazine hailed the financing package as the "Renewables Deal of the Year".

Energy efficiency

EIB lending for energy efficiency doubled to EUR 1.5bn between 2008 and 2009 and continued to grow to EUR 2.3bn in 2010. In general, energy efficiency considerations are being mainstreamed into all projects appraised by the Bank.

In Bucharest, the EIB supported the Municipality with a EUR 70m loan in 2010 to finance energy efficiency refurbishments of multi-storey residential buildings in Romania's capital. The funds will help to reduce the energy consumption of the buildings covered by the thermal rehabilitation project by around 50%. Once the programme is fully implemented the total energy saved will amount to some 160 GWh a year.

ELENA, a joint EIB-European Commission initiative, helps local authorities prepare energy efficiency or renewable energy projects. It is on track to mobilise more than EUR 2bn in investments in the coming years. The Province of Barcelona led the way with preparatory work on a EUR 500m programme to install solar panels on public buildings and improve energy efficiency to the tune of 280 GWh of energy annually and reduce CO_2 emissions by the equivalent of 170 000 to 200 000 tonnes.

Sunray Montalto di Castro photovoltaic, Italy

Sunray Montalto di Castro photovoltaic

In Montalto di Castro, Italy, a EUR 98m loan supported the construction and operation of two photovoltaic power plants using a tracker system that follows the sun during the day and delivers up to 25% more energy than fixed systems. The renewable energy investments are being financed by bonds issued by the promoter through a special purpose vehicle. The EIB was actively involved in structuring the transaction and, by purchasing half the bonds, is considered a cornerstone financier. The transaction is already having a powerful demonstration effect on institutional investors. The magazine Project Finance International hailed the transaction as "Bond Deal of the Year."

Carbon finance and storage

Carbon finance initiatives form an integral part of the EIB's response to the challenges posed by climate change.

In 1997, the industrialised countries signed the Kyoto Protocol and thereby undertook to reduce their greenhouse gas (GHG) emissions. However, they are allowed to keep to their targets by financing GHG savings elsewhere in the world. This led to the creation of the carbon credit markets, where GHG emission rights can be traded, and to the setting up by the EU in 2005 of a European Emissions Trading System. In 2008 the EU pledged to cut GHG emissions by 20% – compared to 1990 levels – by 2020.

The EIB's role in carbon finance

The Bank has established a set of market-based instruments to encourage carbon trading in co-operation with other public and private financing institutions, at national and international level. By getting involved in carbon fund sponsorship, the EIB promotes the use of both public and private sector capital to support low-carbon projects.

EIB co-sponsored carbon funds concentrate mainly on the less developed areas of the carbon market. These funds buy up the carbon credits generated by ecological investment in order to sell them on to countries and companies that need them to reach their emission targets. In this way they help them to meet their carbon emission compliance obligations at EU and international level, in particular under the EU Emissions Trading Scheme and international agreements. In addition, they help support economies in transition and developing countries to raise finance for low-carbon investments.

Power tower plant – Solucar, Spain

With tailored objectives, structures, regional focuses and participants, EIB-sponsored carbon funds have all been designed to extend market capacity and complement rather than crowd out private sector participants in the carbon market. EIB carbon fund initiatives also anticipate market developments and promote confidence in regulatory frameworks, in particular for the period beyond 2012, when the Kyoto Protocol expires. In this way, the Bank is helping to support projects and markets which otherwise would not have been developed.

Carbon credits from Estonia and Lithuania

The EBRD-EIB Multilateral Carbon Credit Fund agreed in 2010 to buy carbon credits from a group of wind farms managed by OÜ Nelja Energia, a renewable energy company wholly-owned by Fre-energy AS, a leading Estonian investor in renewable energy in Eastern Europe. Under the purchase agreement, the MCCF will acquire carbon credits resulting from six wind farms with a combined capacity of 76 MW in Estonia and Lithuania.

Carbon funds co-sponsored by the EIB

The Multilateral Carbon Credit Fund (MCCF) was created by the EIB and the EBRD to develop the carbon market in countries from Central and Eastern Europe through to Central Asia. The aim is to help these countries meet mandatory and voluntary emissions reduction targets. The EUR 208.5m raised by the MCCF mainly serves project-based carbon credits, but also green investment schemes.

The joint EIB-KfW Carbon Purchase Programme includes a first tranche designed to help EU small and medium-sized enterprises that must comply with the EU's Emissions Trading Scheme. The second tranche of the programme supports projects located in the poorest, least developed countries. The EIB-KfW Carbon Programme II covers both Kyoto and post-Kyoto emission credits. The overall budget for the two tranches is around EUR 190m.

The Post-2012 Carbon Fund is an initiative developed by the EIB and four other public finance institutions to bolster confidence in the establishment of a regulatory regime beyond the Kyoto Protocol. The fund has a budget of EUR 125m and is the first of its kind. It has already contributed to the development of several projects in Asia, Africa and Latin America by purchasing carbon credits to be generated through the use of wind energy, improved waste management and energy efficiency technologies.

In cooperation with the World Bank, the EIB set up the Carbon Fund for Europe (CFE), which is aimed at the EU Member States and the European private sector. With a capital of EUR 50m, the fund acquires emission credits from projects eligible under the Kyoto Protocol's flexible mechanisms that are compatible with the EU's Emissions Trading Scheme. In

addition, the CFE can invest up to 20% of its capital in green investment schemes.

The first carbon fund in French-speaking Africa and first national fund co-established by the EIB – the Fonds Capital Carbone Maroc – supports Clean Development Mechanism (CDM) projects by acquiring carbon credits over the period 2008-2017. The fund is worth MAD 300m (over EUR 26m).

Carbon capture and storage

The EIB cooperates closely with the European Commission to support mechanisms for demonstration programmes of Carbon Capture and Storage (CCS) projects in and outside Europe.

2010 saw the start of collaboration between the EIB and the Commission for the implementation of the world's largest programme of investment in low-carbon and renewable energy demonstration projects. The initiative, known as NER300, will provide substantial financial support for at least eight projects involving CCS technologies and at least 34 projects involving innovative renewable energy technologies. The aim is to drive low-carbon economic development in Europe, creating new "green" jobs and contributing to the achievement of the EU's ambitious climate change goals.

The first call for proposals, issued in November, signalled the start of implementation of the NER300 initiative, so named because it will be funded from the sale of 300 million emission allowances in the New Entrants Reserve (NER) of the EU Emissions Trading System. At current market prices for emission allowances, the initiative is worth around EUR 4.5bn, making it the biggest such programme in the world. The programme will leverage investments of more than EUR 9bn in total.

EIB carbon funds promote confidence in regulatory frameworks

New Caledonia Helios Bay, France

Making cities sustainable

Greening cities and making them sustainable are at the heart of climate action.

Oresund bridge, Denmark - Sweden

In 2010, the EIB lent EUR 14.7bn to make European cities more sustainable through investments in urban renewal, urban transport and hospitals.

JESSICA for cities

Sustainable urban development is the key objective of JESSICA, the Joint European Support for Sustainable Investment in City Areas initiative, which was developed by the European Commission and the European Investment Bank, in collaboration with the Council of Europe Development Bank. Through JESSICA, Member States are given the option of using some of their Structural Funds grant funding to make repayable investments in projects that form part of integrated plans for sustainable urban development. These investments, which may take the form of equity, loans or guarantees, are delivered to projects via Urban Development Funds and Holding Funds.

By end-2010, 15 Holding Funds had been signed for a total of more than EUR 1.5bn. One of them was a Holding Fund set up in Greece: a EUR 258m agreement was concluded with the Ministry of Economy, which together with the EIB and Greek municipalities, will identify eligible urban projects. In Scotland, a JESSICA Fund will invest GBP 50m in regenerating business and transport hubs and greening housing schemes. Regeneration works include renewing derelict sites to create new business spaces, wireless technology zones, green energy for social housing, and more efficient transport schemes. In 2010, Lithuania became the first country in which JESSICA funds were disbursed to intermediaries and allocated to specific urban renovation projects.

Clean transport

Environmentally friendly public transport is vital for sustainable cities. By promoting a shift from private to public transport and reducing congestion, investment in public transport not only improves air quality and decreases noise nuisance, but also helps to tackle climate change by enhancing energy efficiency and limiting greenhouse gas emissions. EIB loans for public transport projects in the European Union reached EUR 8.5bn in 2010.

Environmentally friendly public transport is vital for sustainable cities

In Stockholm commuter train capacity will double as from 2017, thanks to the construction of a new underground railway line partly financed by the EIB. The Bank is making EUR 600m available for the Citybanan project, a commuter train tunnel under central Stockholm. The project comprises a new 6 km tunnel under the capital's historic centre, two new underground stations and a railway bridge. The project will free up capacity on the existing railway line through the city, allowing for the expansion of regional and national train traffic. Public transport will be made more attractive, encouraging commuters to switch from roads and bringing substantial environmental benefits. Citybanan is also an EU priority trans-European transport network (TEN-T) project and is part of the Nordic Triangle scheme upgrading road, rail and maritime infrastructure in Finland and Sweden.

EIB-financed investment in urban transport and railways is not limited to EU Member States. In Vietnam, for example, the Bank provided two loans totalling EUR 223m in support of metro line projects in Hanoi and Ho Chi Minh City. The public transport systems in the two cities are helping to reduce pollution and fuel consumption by providing a reliable, fast and environmentally friendly rail-based service along routes that were previously served only by road-based modes of transport. Mobility for many will be improved while traffic congestion will be reduced. To date the EIB has financed some 80 metro projects in the European Union and 10 outside the EU.

Waste as an opportunity

The generation of municipal solid waste averages 525 kg per person per year in the EU-27. On the one hand, inadequate management of this waste has a direct adverse impact on the quality of life, public health, the environment and climate change. On the other, waste represents a loss of potentially valuable resources in the form of materials and energy, the re-use, recycling and recovery of which can bring significant net benefits. Therefore, solid waste management is not only an environmental and health challenge, but also a green economic opportunity. The Bank's loans support avoidance and re-use of waste, and capital investment in facilities for treating the residual waste remaining after upstream recycling, for example incineration plants with energy recovery and mechanical/biological treatment plants, as well as facilities for the treatment of separately collected waste streams. In total, the EIB lent EUR 89m for such projects in 2010.

Renault electric vehicles, France

GINKGO Fund, Luxembourg

Local authorities are seeking alternative sources of finance to cover the high costs involved in cleaning up polluted sites. In 2010 the EIB invested EUR 15.6m in GINKGO, a Luxembourg-registered private equity fund that acquires brownfield sites in France and Belgium, cleans them up and sells them or first redevelops them with energy-efficient housing, offices and commercial buildings.

In Lahti, Finland, the EIB lent EUR 75m to Lahti Energy, the city's energy company, to build one of the world's most modern plants for converting waste into heat and electricity. Lahti Energy is an international centre of excellence in combined heat and power technology, which makes productive use of heat by pumping it into district heating networks. Using waste from businesses and households in Lahti and Helsinki as fuel, the new plant will process 250 000 t annually, generating 90 MW of heat and 50 MW of power. This is considerably more than in existing plants, thanks to a new process of gasification and incineration at high temperatures and high steam pressure.

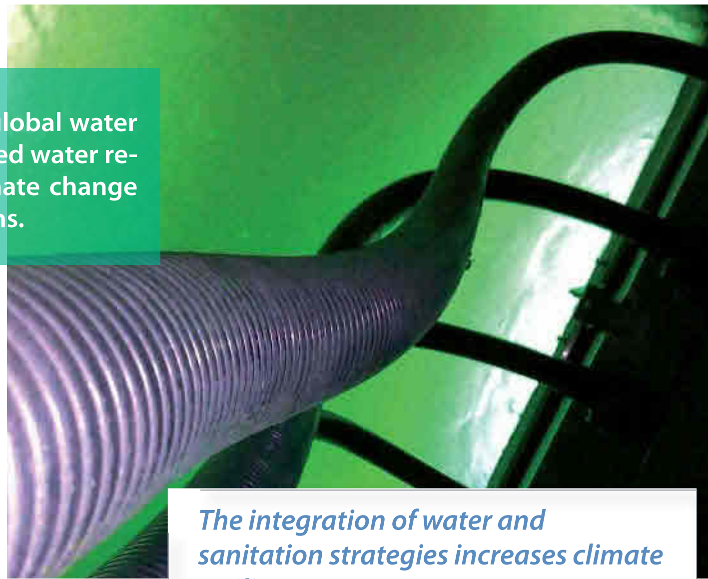
Health in the city

In 2010, the EIB lent a total of EUR 2.7bn to 14 city hospitals in the EU. EIB finance for hospitals improves the social and urban environment and contributes to sustainable communities. The Bank's loans help borrowers to provide state of the art healthcare in projects that contribute to the local economy and urban renewal. These hospitals often have research centres linked to universities.

The EIB lent EUR 325m to the University of Leuven and its university hospital for the construction and completion of the Health Sciences Campus Gasthuisberg, a first-class medical and university centre providing acute care, education and research in a single location in Leuven.

Adapting to climate change

As the largest source of loan finance to the global water sector to date, the EIB has identified integrated water resource management and adaptation to climate change as key objectives for future lending operations.



South-west wastewater treatment plant, St Petersburg, Russia

The integration of water and sanitation strategies increases climate resilience

Increased frequency of extreme weather conditions has severe impacts on the availability and quality of freshwater resources, giving rise to related natural disasters, including droughts and floods. Anticipatory and precautionary adaptation to the consequences of climate change is more effective and less costly than enforced, last-minute emergency action. Therefore the projects that the Bank finances in the water sector are aimed at the preservation of freshwater resources, sustainable water management, the protection of marine and coastal zones and other adaptive measures.

In 2010, the EIB joined the Global Water and Adaptation Action Alliance, a network of financial institutions, utilities, associations, research institutes and NGOs.

Across the world

Most of the current EIB-funded adaptation projects are located within the European Union. In 2010 the Bank lent EUR 20m for the expansion of Greater Limassol's sewerage and drainage systems on Cyprus, which included the construction of stormwater drainage collectors.

In Russia, the EIB, together with the NIB, EBRD and IFC, has financed the St Petersburg flood barrier. The 25 km-long flood barrier at the mouth of the river Neva protects the city of St Petersburg and its five million inhabitants. The mobile barrier helps to address the threat of major floods that has plagued the city since its foundation but more often in the past few decades. At a total cost of more than EUR 500m, this is one of the world's largest flood protection structures. The EIB is also providing advice on technical, operational and environmental aspects of the project.

In close cooperation with the European Commission and other financing institutions, the EIB also finances adaptation projects located in emerging and developing economies throughout the world. In 2010, the EIB worked with UN-HABITAT on the preparations for a regional project for the Lake Victoria countries – Burundi, Kenya, Rwanda, Tanzania and Uganda. The integration of water and sanitation strategies should help increase climate resilience in this sensitive region and preserve the lake's important function as a habitat and water resource for the future. The Bank is already funding water and sanitation works in Uganda's capital Kampala, and further loans are planned for adaptation projects in Mwanza in Tanzania and Kisumu in Kenya.

Partnering with the world

Moma Titanium,
Mozambique

- Candidate Countries and Potential Candidate Countries
- Mediterranean countries
- Eastern Partner Countries
- African, Caribbean and Pacific States, OCTs and South Africa
- Asia and Latin America
- Central Asian countries

Wind farm, Morocco

With EUR 8.8bn of lending outside the EU, the EIB provides significant financial support for projects in EU partner countries.

Most of the Bank's financing operations outside the Union are carried out under an EU budget guarantee, set out in the so-called external mandates for EIB activities in the different regions of the world. The EIB works in close cooperation with the EU institutions, governments of EU and partner countries and other international or bilateral financing institutions, and has developed long-standing relationships with the corporate sector throughout the world.

In 2010, the EIB was able to maintain high levels of lending throughout the regions, while phasing out additional measures taken in the context of the economic and financial crisis. The Bank remains the largest international financier in the EU Candidate and Potential Candidate Countries. Lending again reached a record level of EUR 2.6bn in the Mediterranean countries, and almost tripled to EUR 631m in the Eastern Partner Countries. Lending to the African, Caribbean and Pacific (ACP) countries received fresh impetus under a renewed mandate backed by the Member States' guarantee. Climate action received a boost with a 50% increase in the Facility for Energy Sustainability and Security of Supply, which supports projects in EU Neighbourhood Countries, ACP countries and South Africa, as well as Asia and Latin America.

Shaping the EIB's future external activities

The mid-term review of the Bank's activities outside the EU led by an independent committee of wise persons, chaired by former IMF Managing Director Michel Camdessus, presented its evaluation report in early 2010. This provided the basis for a subsequent European Commission proposal, which includes a plan to activate a EUR 2bn optional mandate for the fight against climate change. In addition, the Commission proposed that the current system of regional objectives for operations under the EU guarantee be replaced by horizontal objectives and that more emphasis be placed on the development aspects of EIB financing. The Commission further proposed that the EIB external mandate for Libya, Iraq and Cambodia be activated. The proposals triggered debates in the European Parliament and Council throughout 2010. A final decision is expected in 2011.

Separate from the mid-term review of the external mandates, the Cotonou Agreement, which has provided the framework for the Bank's operations in the ACP countries, also came under review in 2010. The Bank has been a development partner in the ACP region for more than four decades, lending some EUR 12.5bn to support more than 1 000 projects in 70 countries. The renewed mandate enables the EIB to extend its activities in sub-Saharan Africa, but also for the first time recognises climate change as a key issue for the EU-ACP partnership.

Although the Bank pursues specific objectives in each region of the world, many countries that the EIB works with outside the EU's borders face similar challenges to meet infrastructure needs, lay the groundwork for sustainable growth and fight climate change.

Candidates and Potential Candidate Countries

The EIB provides loans and guarantees in the EU Candidate Countries (Croatia, Turkey, the Former Yugoslav Republic of Macedonia – FYROM, Montenegro and Iceland and the Potential Candidate Countries (Albania, Bosnia and Herzegovina, Serbia and Kosovo under United Nations Security Council Resolution 1244 (1999)). The basis for the Bank's activities is the external lending mandate granted by the European Union and the Bank's own Pre-Accession Facility.

Total EIB lending in the Western Balkans reached EUR 1.4bn in 2010. The EIB is the largest international financier in the region. Total lending since 2001, when the Bank became active in the area again, amounted to EUR 7.3bn. Serbia has been the largest beneficiary of EIB funding in the Western Balkans with EUR 690m. A large proportion of the funds was used for the completion of trans-European networks. 2010 also saw the opening of the EIB's first regional office in Belgrade, which was inaugurated in November.

The EIB is the largest international financier in the Western Balkans

Candidate Countries and Potential Candidate Countries

Financing provided in 2010 (EUR m)	Amount	of which risk capital
Turkey	1 935	30
Serbia	690	
Croatia	511	
Bosnia and Herzegovina	72	
FYROM	52	
Albania	51	
Montenegro	49	
Total	3 360	30

Mediterranean countries

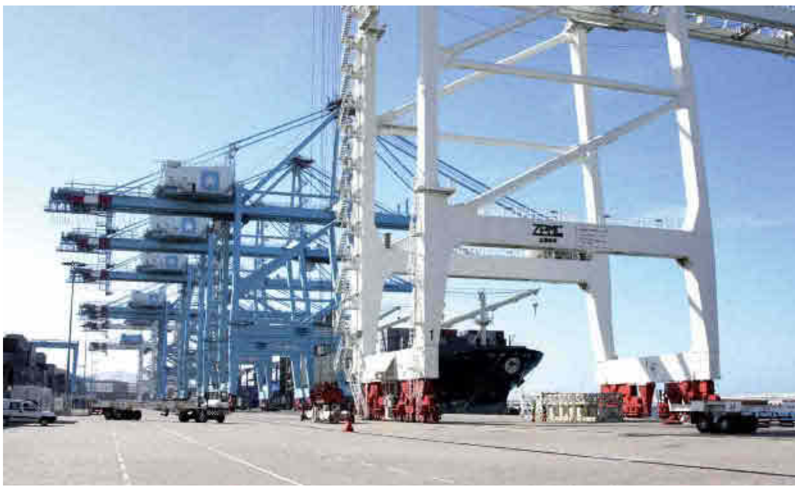
Financing provided in 2010 (EUR m)	Amount	of which risk capital
Egypt	906	
Algeria	500	
Tunisia	498	
Morocco	420	
Syria	185	10
Regional	31	7
Lebanon	7	
Gaza-West Bank	5	5
Total	**2 552**	**22**

In 2010, new EIB lending in Turkey totalled EUR 1.9bn. Activity was mainly driven by the need to counter the worldwide economic and financial crisis and support smart and sustainable growth. Since the crisis broke out, the EIB has supported the Turkish economy in particular by strengthening the SME sector in the country, which in 2010 accounted for EUR 910m in loans to intermediary banks.

Supporting economic development in the Mediterranean

The EIB has vigorously stepped up its support for the Mediterranean partner countries in the region through FEMIP, the Facility for Euro-Mediterranean Investment and Partnership, its financial arm in the region. By increasing its volume of business to a record level of EUR 2.6bn in 2010, FEMIP confirmed to its partners its ability to help them modernise their public policies in the face of the global economic crisis and consolidated its position as the leading development investor in the Mediterranean. Other priority sectors include transport and water, industry and private equity operations, as well as the human capital sector.

Since its creation in October 2002, FEMIP has provided more than EUR 12.7bn to support the modernisation of the Mediterranean partner countries and contributed towards creating and safeguarding jobs in the region. Support for the private sector continued to be significant, representing 55% of total projects signed. In addition to the growth in lending, FEMIP's activity generated significant value added, in particular through the setting up of complex financing arrangements, such as public-private partnerships, project finance, or operations with a higher risk profile than that usually accepted by the Bank. In 2010, some 74% of the operations in the region (totalling almost EUR 1.9bn) were co-financed with partner institutions, thus creating important synergies. Technical assistance operations amounted to EUR 14.2m in 2010.



Port of Tangier, Morocco

Russia and the Eastern Neighbours

Financing provided in 2010 (EUR m)	Amount
Russian Federation	250
Moldova	185
Georgia	175
Ukraine	16
Armenia	5
Total	**631**

Building of the main collector, St Petersburg, Russia

Eastern Partners

EIB lending in the Eastern Partner Countries reached EUR 631m in 2010, an almost threefold increase compared to 2009. In close cooperation with the EBRD, the Bank finances projects in these countries under a mandate for EUR 3.7bn in loans over the period 2007-2013. In addition to the EU mandate, the EIB set up its own EUR 1.5bn Eastern Partner Facility for loans and guarantees at its own risk for EU investment in the countries in question. Half of lending in 2010 was in the energy sector, while other areas focused on included water and transport projects, the agro-industry and credit lines for SMEs. In December 2010, the Bank launched a new technical assistance facility, the Eastern Partnership Technical Assistance Trust Fund (EPTATF), which aims to increase the impact of operations and accelerate successful project implementation in the region.

Central Asia

Among the Central Asian countries eligible for EIB financing (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan), Kazakhstan was the second country to sign a Framework Agreement in 2010, after the Republic of Tajikistan in 2009. Three projects totalling EUR 328m are being appraised in the water, energy and climate action sectors. The Bank and Kyrgyzstan are set to sign a Framework Agreement early in 2011 while efforts towards reaching agreements with Turkmenistan and Uzbekistan continue.

Moma Titanium, Mozambique

ACP countries and South Africa

The EIB has been a development partner in the ACP region for more than four decades

In the African, Caribbean and Pacific countries the EIB typically supports initiatives that encourage private sector development, such as SME investments, but also puts an emphasis on large-scale productive infrastructure, including renewable energy projects, energy efficiency initiatives and other projects that respond to climate change considerations. In the midst of the economic and financial crisis, the EIB seeks to secure sound investments that benefit the poorest and support sustainable development.

Financing for EIB operations is provided from EU Member States' budgets through the Investment Facility, alongside loans from the Bank's own resources at its own risk. Loan signatures under the Investment Facility reached EUR 374m in 2010. A further EUR 598m was provided for ACP projects from the Bank's own resources in 2010. Under a separate mandate the Bank lent EUR 50m for projects in the Republic of South Africa.

African, Caribbean, Pacific States, OCTs and South Africa

Financing provided in 2010 (EUR m)	Amount	of which risk capital
Africa	738	182
West	279	82
East	260	40
Southern and Indian Ocean	145	5
Multiregional	45	45
Central and Equatorial	10	10
Caribbean	48	7
Pacific	9	9
Regional ACP	162	162
OCTs	15	15
Total ACP-OCT	**972**	**374**
South Africa	50	

Asia and Latin America

Financing provided in 2010 (EUR m)	Amount
Latin America	**499**
Brazil	420
Mexico	79
Asia	**723**
China	500
Vietnam	223
Total	**1 222**

Economic cooperation with Asia and Latin America

In 2010, the EIB lent EUR 1.2bn in Asia and Latin America (ALA). Investment in Asia accounted for some EUR 723m, while lending in Latin America amounted to EUR 499m. Under the current mandate the EIB can lend up to EUR 3.8bn in Asia and Latin America over the period 2007-2013. The Bank's lending in ALA is part of the EU's strategy of economic cooperation with these regions. It focuses on supporting the EU's presence through foreign direct investment and the transfer of technology and know-how, but also covers environmental protection, especially climate action projects and projects that contribute to energy security.

Hanoi Metro, Vietnam

New China climate action framework loan

A new EUR 500m climate action framework loan for China was signed in December 2010 following the success of the first one, signed in 2007, as the EIB is continuing to assist the country in its fight against climate change. The first EUR 500m loan has helped a number of projects to be carried out, including afforestation programmes, wind farms, small hydropower schemes, and energy efficiency and pollution reduction investments in the industrial sectors. This operation is one of the EIB's most efficient loans in terms of GHG emissions and will generate an estimated 2 million tonnes of CO_2 savings every year once all sub-projects are up and running.

Joint action with the European Commission and other international financing institutions

Open Days,
8th European Week
of Regions and Cities

As the financial institution of the European Union, the EIB Group is, along with the EU budget, one of two sources of finance for investments in support of EU policies.

For such long-term productive investment, both types of finance – grants and loans – have their own specific characteristics and merits. Joint initiatives developed by the EIB Group and the Commission under the current financial framework (2007-2013) have demonstrated how both instruments can be combined to achieve greater leverage. EU regional policy is one area in which this has been the case, as are innovation and transport.

Regional policy

The objective of EU regional policy is to address disparities between economically strong and weaker regions and to use available resources in the best possible way. Regional policy emphasises the need to coordinate available EU, national and regional financial instruments for the purpose of fostering regional integration. In this context, the EIB Group has a major role to play, as is shown by new joint initiatives with the European Commission and Member States or regions.

The current 2007-2013 programming period for the EU's "cohesion" policy has given the EIB and EIF a more important role than it had before in planning and programming, including technical assistance in the preparation of projects, project appraisal and financial engineering and monitoring. A number of common initiatives directly linked to cohesion policy, such as JASPERS, JESSICA, JEREMIE and JASMINE but also risk-sharing instruments such as the RSFF and LGTT, which address complementary EU objectives, have nurtured a strengthened partnership with the Commission.

The four Js

JASPERS, JESSICA, JEREMIE and JASMINE, the four Js, are the offspring of this strengthened partnership. They are all joint initiatives, combining funding and human resources from the EIB Group and the European Commission.

JASPERS is the Joint Assistance to Support Projects in European Regions initiative, managed by the EIB and co-sponsored by the Commission, EBRD and KfW. It is focused on helping the beneficiary countries of Structural Funds grant financing to prepare sound infrastructure proposals and provides technical assistance.

Public transport – Hamburg, Germany

JESSICA is the Joint European Support for Sustainable Investment in City Areas initiative, which was set up jointly by the EIB, Commission and Council of Europe Development Bank. It uses financial engineering mechanisms to support investment in sustainable urban development, employing Structural Funds resources for repayable and recyclable financing for revenue-generating investments.

JEREMIE is the Joint European Resources for Micro-to-Medium Enterprises initiative. The European Investment Fund and the Commission work together to give national and regional authorities the option to use Structural Funds resources to promote SMEs' access to finance and financial engineering products in the regions.

JASMINE is the Joint Action to Support Micro-Finance Institutions in Europe initiative, which targets the development of microcredit. The EIF has been mandated to manage part of the initiative to provide financial support to micro-finance institutions from EIB resources as well as technical assistance from Commission resources.

Joint risk sharing for innovation

To be able to finance higher-risk, higher-reward investment in research, development and innovation, the EIB and the Commission set up the RSFF, the Risk Sharing Finance Facility. With EUR 1bn from the Bank's reserves and another EUR 1bn from the Commission's 7th Research Framework Programme, this facility has a EUR 2bn capital cushion that enables the Bank to lend up to some EUR 10bn for investments of at least twice that amount in cutting-edge RDI over the period 2006-2013. A mid-term review of independent experts in 2010 drew positive conclusions and recommended broadening and deepening the use of RSFF-type instruments.

Joint initiatives by the EIB and the Commission achieve greater leverage

RDI for healthcare software development and imaging technology, Belgium

Joint risk sharing for investment in transport

LGTT – in full the Loan Guarantee Instrument for Trans-European Transport Network Projects – was set up by the EIB and the Commission to address traffic risk for private investors in such projects. Financed in equal parts by the two institutions, this risk instrument covers traffic-related revenue risks during the critical early phases of project operation, as traffic flows often need time to reach a level at which sufficient revenue is generated. 2010 saw the first LGTT guarantee of EUR 70m for a PPP project to renew and upgrade the C-25 motorway in the north of Cataluña, for which the EIB lent EUR 200m.

Other special activities in the EU

ELENA stands for European Local Energy Assistance, a joint technical assistance initiative established by the EIB and the Commission. ELENA funds can be used for structuring programmes, business plans and energy audits, preparing tendering procedures and contracts, and paying for project implementation units. In short, everything that is necessary to make cities' and regions' sustainable energy projects ready for EIB funding.

Investment programmes can involve the improvement of energy efficiency in buildings or street lighting, the integration of renewable energy sources in buildings or the renovation or installation of district heating systems using combined heat and power or renewable sources. Urban transport programmes such as the introduction of energy-efficient buses and infrastructure for alternative fuel vehicles are also targeted.

NER300 was launched by the European Commission in 2010. It concerns the world's largest grant programme to support carbon capture and storage (CCS) and innovative renewable energy technology demonstration projects. The European Investment Bank will support implementation through appraising projects and organising the sale of emissions allowances, which serve to finance the grants. These emissions allowances gave the initiative its name: NER (new entrants reserve of the EU emissions trading system).

Combining resources outside the EU

Outside the EU, the EIB works in close cooperation with the EU institutions, governments of EU and partner countries, and international or bilateral financing institutions. In the EU's Neighbour and Partner Countries alone co-financing amounted to 73% of the total volume signed in 2010. In the ACP region, the EIB has a long history of combining loans with EU grants.

A responsible institution

Corporate responsibility lies at the heart of the EIB's mission to support sound investments that further EU policy objectives.

The Bank is strongly committed to integrating environmental and social concerns in its business activities; to ensuring proper governance, transparency and accountability, for itself and its counterparts; to making sure that the investments it finances are ethical and sustainable; to developing mutually beneficial relationships between the Bank and its host communities; and to minimising its own environmental footprint. The EIB has been measuring and reporting on its corporate responsibility practices since 2005 and corporate responsibility is fully integrated into its business strategy.

The EIB is very conscious of its own environmental footprint

All the projects that the EIB finances are compliant with EU environmental principles and standards. In addition, a significant part of the Bank's lending is for investments that focus specifically on protecting and improving the natural and built environment, and foster social well-being. Such environmental investments include climate action, protecting nature and biodiversity, health, and the sustainable use of natural resources and management of waste.

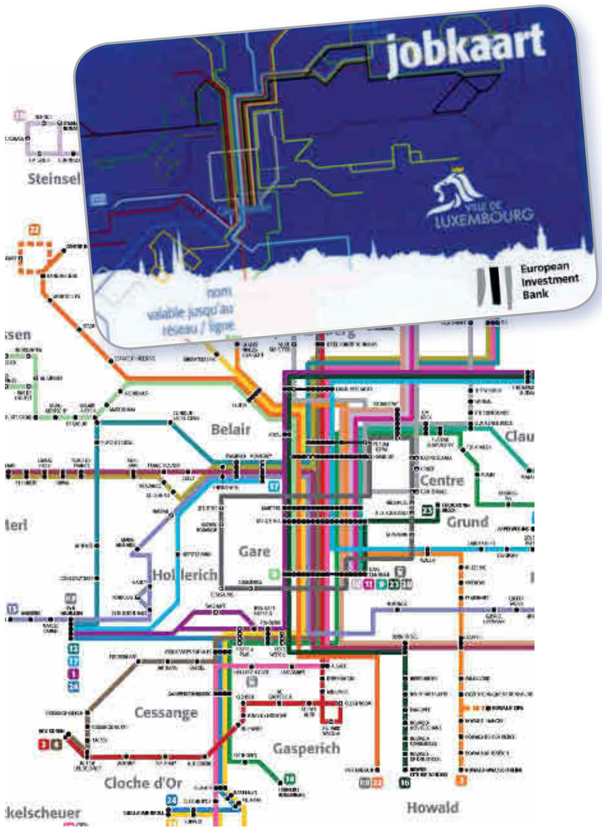
In 2010, the EIB completed a pilot study on the carbon footprint of the projects it finances. A sample of 73 projects in the energy, transport and industry sectors, as well as some water projects saw substantial reductions in carbon emissions. This is a direct result of the Bank financing the best available technologies, maximising the potential for energy efficiency measures, and promoting more sustainable transport modes.

The EIB supports social development by lending to health and education projects. Some of its microfinance initiatives specifically address the needs of the socially disadvantaged. EIB financing is restricted to projects that respect human rights and comply with EIB social standards, based on the principles of the Charter of Fundamental Rights and international good practices. In 2010, the Bank itself helped to establish best practice by organising a series of seminars on business and human rights in order to facilitate a dialogue between business, civil society and intergovernmental organisations on this subject.

EIB President's visit to Ouagadougou, Burkina Faso

The EIB has a zero-tolerance policy on corruption, fraud, collusion, coercion, money laundering and the financing of terrorism in its operations and activities. It was one of the first financial institutions to adopt such a policy and has also joined international initiatives to exert pressure on Non-Compliant Jurisdictions to conform to international norms.

As an EU body, the EIB is committed to achieving the highest possible level of transparency for all its activities vis-à-vis its external and internal stakeholders. In 2010, the Bank merged transparency and public disclosure policies into a new set of principles and practices that promote openness. The basic presumption is that whenever possible information concerning the Bank's operational and institutional activities will be made available to third parties unless there is a compelling reason for confidentiality.



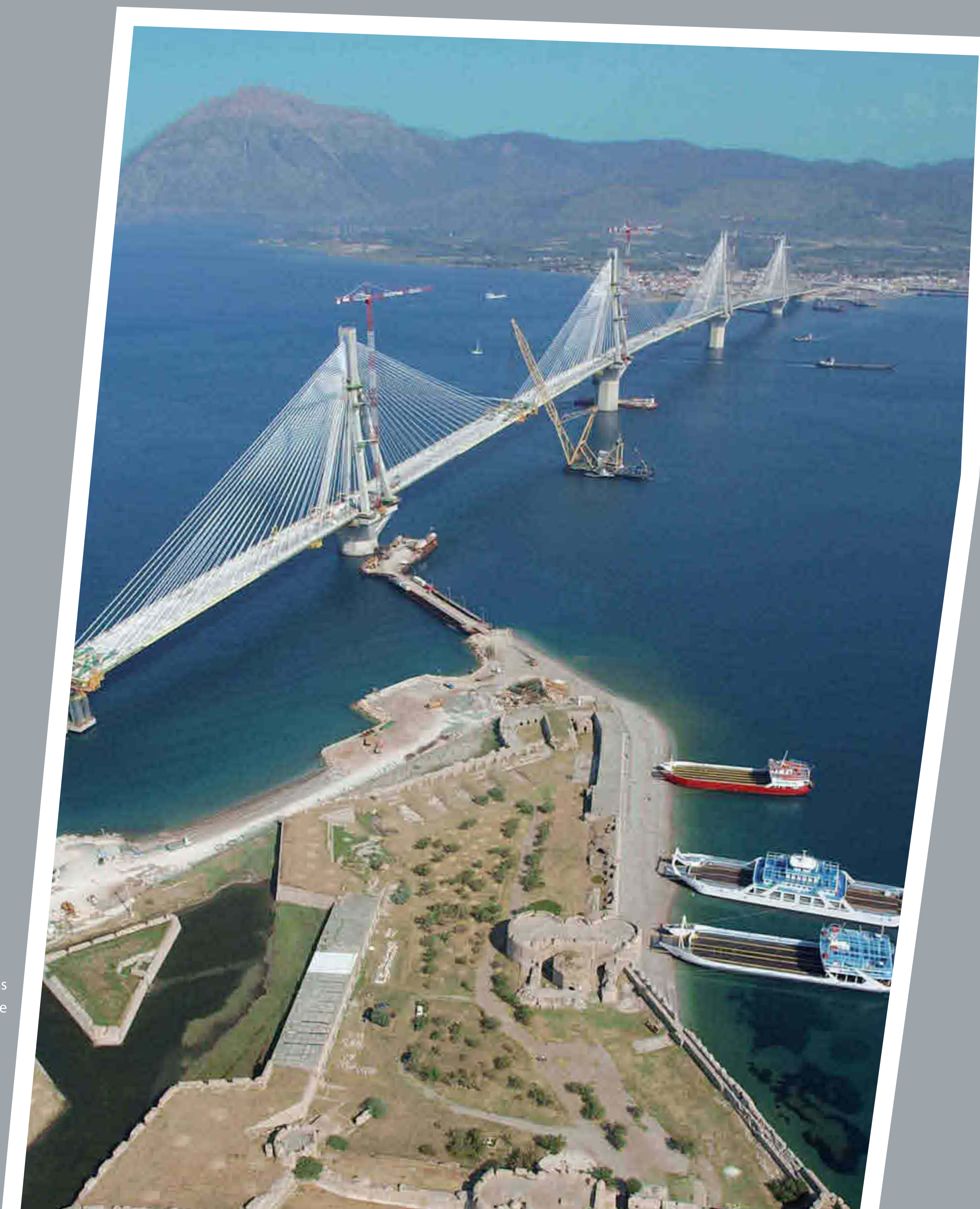
Wroclaw water works, Poland

The EIB's relations with civil society, including NGOs and other interest groups, are guided by the same principles. The dialogue with civil society produces valuable input at the policy level and often contributes to increasing the Bank's awareness of project-related issues. For the same reason, the Bank also enters into cooperative partnerships with specialist organisations that share particular objectives or interests with the EIB, such as sustainable development, environmental protection, biodiversity or poverty alleviation. In 2010, the Bank's partners included Transparency International, the International Union for the Conservation of Nature (IUCN) and the Extractive Industries Transparency Initiative (EITI). Last year, the EIB also joined the Global Water and Adaptation Action Alliance, a network of financial institutions, utilities, associations, research institutes and NGOs.

The EIB is very conscious of its own environmental footprint. Flexible working hours, teleworking arrangements and free public transport reduce the environmental impact of staff commuting by car. In 2010, total CO_2 emissions resulting from the Bank's own activities amounted to an estimated 18 997 tonnes, of which 94% was from mobility and 6% from energy, waste and paper consumption. These figures confirm a trend of CO_2 emissions reduction which started in 2008.

As a responsible employer the EIB formalised new developments in human resources policy in 2010. HR policy is based on three pillars. The first is for the Bank to avail itself of high-performing, motivated staff continuously developing their skills. This pillar is complemented by inspirational leadership and empowered management in the most appropriate organisational set-up. All of this is to be realised in an enabling, inclusive working environment that allows people to perform at their best. Open and transparent internal communication is a crucial ingredient for attaining human resource objectives.

EIB capital and 2010 borrowing operations



Rion-Antirion bridge across the Gulf of Corinth, Greece

Breakdown of the EIB's capital

	Amount (EUR)	
Germany	37 578 019 000	DE
France	37 578 019 000	FR
Italy	37 578 019 000	IT
United Kingdom	37 578 019 000	GB
Spain	22 546 811 500	ES
Netherlands	10 416 365 500	NL
Belgium	10 416 365 500	BE
Sweden	6 910 226 000	SE
Denmark	5 274 105 000	DK
Austria	5 170 732 500	AT
Poland	4 810 160 500	PL
Finland	2 970 783 000	FI
Greece	2 825 416 500	GR
Portugal	1 820 820 000	PT
Czech Republic	1 774 990 500	CZ
Hungary	1 679 222 000	HU
Ireland	1 318 525 000	IE
Romania	1 217 626 000	RO
Slovak Republic	604 206 500	SK
Slovenia	560 951 500	SI
Bulgaria	410 217 500	BG
Lithuania	351 981 000	LT
Luxembourg	263 707 000	LU
Cyprus	258 583 500	CY
Latvia	214 805 000	LV
Estonia	165 882 000	EE
Malta	98 429 500	MT
Total	**232 392 989 000**	

The EIB is the bank of the European Union. It is financially autonomous and has a capital of EUR 232bn, subscribed by the EU Member States, which are the EIB's shareholders. The Bank is the largest supranational borrower and is AAA-rated.

The Bank's capital and shareholders

Each Member State's share in the Bank's capital is based on its economic weight within the European Union (expressed in GDP) at the time of its accession. Under its Statute, the Bank is authorised to have maximum loans and guarantees outstanding equivalent to two and a half times its subscribed capital, reserves, non-allocated provisions and profit and loss account surplus. This aggregate amount is reduced by the amount subscribed (whether or not paid in) for any equity participation by the Bank.

The EIB's capital adequacy ratio – the ratio of the Bank's capital to its assets – stood at 27.2% at the end of 2010. The Bank for International Settlements' Basel Committee sets the minimum capital adequacy ratio for banks at 8%.

Balance sheet and annual surplus

At year-end 2010 total assets stood at EUR 420bn, an increase of 14% compared to end-2009. The increase was driven by the exceptional growth in lending in the last two years as a result of the EIB's role in the European Economic Recovery Plan, under which the EIB temporarily expanded its lending activities at the request of the Member States.

The annual net surplus reached EUR 2.1bn in 2010 (up 13%). The surplus reflects record lending levels during the crisis, while administrative costs increased more slowly.

The largest supranational borrower

The EIB is a self-financing organisation, which borrows the bulk of its lending resources on the international capital markets, and is the largest supranational borrower. Underpinned by firm shareholder support, a strong capital base, excellent asset quality, conservative risk management and a sound funding strategy, the Bank has the best possible (AAA) credit rating, as again confirmed by Fitch, Moody's and Standard & Poors in 2010. Building on its financial strength, it is able to borrow at highly attractive rates. As a non-profit-maximising organisation, the benefits of the EIB's borrowing conditions are for the most part passed on to project promoters.

Borrowing operations in 2010

Carefully steering around market volatility caused by external events, the Bank was able to borrow EUR 67bn in 2010. Borrowing in the Bank's three core currencies – the euro (EUR), US dollars (USD) and sterling (GBP) – continued to dominate and amounted to some EUR 56bn. At EUR 26.2bn the euro accounted for the largest volume, followed by the US dollar (USD 32.3bn or EUR 24.0bn) and sterling (GBP 4.8bn or EUR 5.5bn).

Bond issues in non-core currencies grew to EUR 11.4bn. The Bank borrowed in 14 other currencies, with borrowings in the Australian dollar being the most significant (AUD 6.3bn or EUR 4.3bn) – approaching the level of sterling borrowings. Issuance in Turkish lira, Japanese yen, Swiss francs and Norwegian kroner each achieved a volume of EUR 1bn or more.

Climate awareness bonds

In 2010, the Bank raised a total of EUR 543m through Climate Awareness Bonds as part of its funding programme. The unique feature of these bonds is that the proceeds are ringfenced and used exclusively to finance projects supporting climate action in the fields of renewable energy and energy efficiency.

Since 2007, the EIB has regularly issued Climate Awareness Bonds. It had raised EUR 1.4bn in this way by the end of 2010, through ten transactions carried out in six currencies.

The EIB's Board Meeting – February 2011

Governance at the EIB

EIB Statutory Bodies

Board of Governors Meeting – Luxembourg

The **Board of Governors** comprises ministers designated by each of the 27 Member States, usually Finance Ministers. It lays down credit policy guidelines, approves the annual accounts and balance sheet, and decides on the Bank's participation in financing operations outside the European Union as well as on capital increases. It also appoints the members of the Board of Directors, the Management Committee and the Audit Committee. The Board of Governors meets once a year.

The **Board of Directors** has sole power to take decisions in respect of granting finance, particularly in the form of loans and guarantees, and of borrowings. As well as seeing to it that the Bank is properly run, it ensures that the Bank is managed in keeping with the provisions of the Treaties and its Statute and with the general directives laid down by the Governors. 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.

The Board of Directors consists of 28 Directors, with one Director nominated by each Member State and one by the European Commission. There are 18 Alternates, meaning that some of these positions are shared by groupings of states. The Board of Directors meets every month.

Furthermore, in order to broaden the Board of Directors' professional expertise in certain fields, the Board is able to co-opt six experts (three as Members and three as Alternates), who participate in the Board meetings in an advisory capacity, without voting rights.

Save as otherwise provided in the Statute, decisions are taken by a majority consisting of at least one third of members entitled to vote and representing at least 50% of the subscribed capital.

The **Audit Committee** is an independent body answerable directly to the Board of Governors and responsible for the auditing of the Bank's accounts and verifying that its activities conform to best banking practice. The Audit Committee shall annually ascertain that the operations of the Bank have been conducted and its books kept in a proper manner. At the time of approval of the financial statements by the Board of Directors, the Audit Committee issues its statements thereon. The reports of the Audit Committee on the results of its work during the preceding year are sent to the Board of Governors together with the annual report of the Board of Directors.

The Audit Committee is composed of six members, appointed by the Governors for a non-renewable term of office of six consecutive financial years.

The Audit Committee

The provisions governing these bodies are set out in the Bank's Statute and Rules of Procedure. Lists of the members of the EIB's statutory bodies and their curricula vitae, along with additional information on remuneration arrangements, are regularly updated and posted on the Bank's website: ***www.eib.org.***

EIF Statutory Bodies

The EIF is managed and administered by the following three authorities:

- the General Meeting of shareholders (EIB, European Union, 28 financial institutions), which meets at least once a year;
- the Board of Directors, composed of seven members and seven alternates, which, inter alia, decides on the Fund's operations;
- the Chief Executive, who is responsible for the management of the Fund in accordance with the provisions of its Statutes and the guidelines and directives adopted by the Board of Directors.

The EIF's accounts are audited by a three-person Audit Board appointed by the General Meeting and by independent external auditors.

Detailed information on the EIF's statutory bodies (composition, curricula vitae of members, remuneration) and services (composition, curricula vitae of Directors General and Directors, remuneration of all staff) is regularly updated and posted on the EIF's website: www.eif.org.

The Management Committee of the EIB

1. Philippe MAYSTADT 2. Philippe de FONTAINE VIVE CURTAZ 3. Simon BROOKS 4. Matthias KOLLATZ-AHNEN 5. Eva SREJBER 6. Dario SCANNAPIECO 7. Plutarchos SAKELLARIS 8. Magdalena ÁLVAREZ ARZA 9. Anton ROP

The **Management Committee** is the Bank's permanent collegiate executive body. It has nine members. Under the authority of the President and the supervision of the Board of Directors, it oversees the day-to-day running of the EIB, prepares decisions for Directors and ensures that these are implemented. The President chairs the meetings of the Management Committee. 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 renewable period of six years. The four largest shareholders – France, Germany, Italy and the United Kingdom – have a permanent seat on the Management Committee. The Management Committee meets weekly.

According to the Bank's Statute, the President is also Chairman of the Board of Directors.

The College of the Management Committee Members and their supervisory responsibilities

Situation as at 15/04/2011

1 Philippe MAYSTADT *President*
- ⇛ General strategy
- ⇛ Institutional matters, relations with other international financial institutions
- ⇛ Reporting from Inspector General, Financial Controller and Chief Compliance Officer
- ⇛ Human resources
- ⇛ Internal communication
- ⇛ Equal opportunities policy; Chairman of Joint Committee on Equal Opportunities
- ⇛ Implementation of Basel II and III
- ⇛ Chairman of EIF Board of Directors
- ⇛ Chairman of Budget Committee

2 Philippe de FONTAINE VIVE CURTAZ *Vice-President*
- ⇛ Financing operations in France and Mediterranean partner countries
- ⇛ External communication
- ⇛ Transparency and information policy
- ⇛ Relations with NGOs

3 Simon BROOKS *Vice-President*
- ⇛ Financing operations in United Kingdom and Netherlands
- ⇛ Environmental protection and climate action
- ⇛ Internal audit, external audit and relations with Audit Committee
- ⇛ Compliance
- ⇛ Complaints mechanism
- ⇛ Relations with European Court of Auditors
- ⇛ Relations with European Anti-Fraud Office (OLAF) and European Ombudsman
- ⇛ Buildings, facilities and logistics

4 Matthias KOLLATZ-AHNEN *Vice-President*
- ⇛ Financing operations in Germany, Austria, Romania, Croatia and Turkey
- ⇛ Financing of SMEs
- ⇛ New products and special transactions
- ⇛ Economic and social cohesion; convergence
- ⇛ Technical assistance; JASPERS
- ⇛ JESSICA
- ⇛ Member of EIF Board of Directors
- ⇛ Member of Subsidies Committee

5 Eva SREJBER *Vice-President*
- ⇛ Financing operations in Finland, Sweden, Estonia, Latvia, Lithuania, Eastern Neighbours, EFTA countries and Central Asia
- ⇛ Knowledge economy
- ⇛ Ex post evaluation of operations
- ⇛ Information technologies
- ⇛ Chairman of Subsidies Committee

6 Dario SCANNAPIECO *Vice-President*
- ⇛ Financing operations in Italy, Malta and Western Balkans
- ⇛ Operations monitoring and restructuring
- ⇛ Planning and budget
- ⇛ Cost efficiency
- ⇛ Governor of EBRD
- ⇛ Member of Arts Committee

7 Plutarchos SAKELLARIS *Vice-President*
- ⇛ Financing operations in Greece, Cyprus, Denmark, Ireland, ACP States and South Africa
- ⇛ Risk management
- ⇛ Energy
- ⇛ Economic, financial and sectoral studies
- ⇛ Accounting
- ⇛ Chairman of Arts Committee

8 Magdalena ÁLVAREZ ARZA *Vice-President*
- ⇛ Financing operations in Spain, Portugal, Belgium, Luxembourg, Asia and Latin America
- ⇛ Legal aspects of operations and products
- ⇛ Funding and treasury

9 Anton ROP *Vice-President*
- ⇛ Financing operations in Poland, Czech Republic, Hungary, Slovakia, Slovenia and Bulgaria
- ⇛ Trans-European transport networks
- ⇛ Corporate social responsibility
- ⇛ Alternate Governor of EBRD

Detailed information about the management structure of the EIB can be found on its website: ***www.eib.org.***

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*Please consult the Bank's website for the list of external offices (**www.eib.org/offices**).*

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