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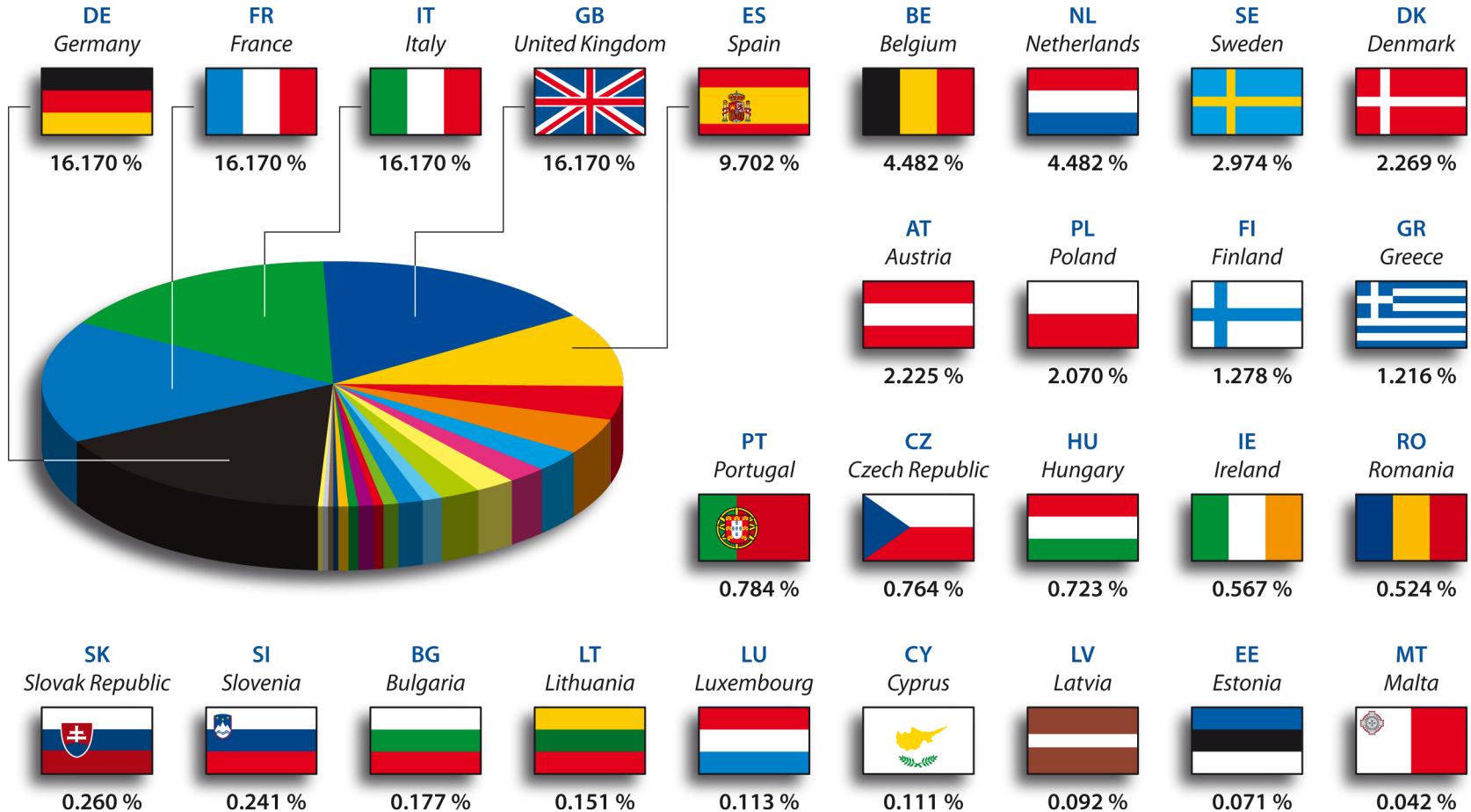


The Role of International Financing Institutions and Promotional Banks

Tutzing, 28 March 2009



Breakdown of the EIB's capital





The European Investment Bank (EIB)



Long-term finance promoting European objectives

- ❖ European Union's long-term lending bank set up in 1958 by the Treaty of Rome.
- ❖ Shareholders: 27 EU Member States
- ❖ Governance
 - ❖ Board of Governors – EU Finance Ministers
 - ❖ Board of Directors - Member States & European Commission
 - ❖ Management Committee –EIB's executive body
 - ❖ Audit Committee – independent, non-resident
 - ❖ Subsidiary: EIF (European Investment Fund)
 - ❖ Lending volume 2008: 57.6 bn EUR



- ❖ Within the Union:
 - ❖ Cohesion and convergence
 - ❖ Small and medium-sized enterprises (SMEs)
 - ❖ Environmental sustainability
 - ❖ Innovation 2010 Initiative (i2i)
 - ❖ Trans-European Networks (TENs)
 - ❖ Sustainable, competitive and secure energy



COP Objectives at End-2008



| COP objectives | COP target 2008 | From 01.01.2008 until 31.12.2008 (provisional current YTD actuals) | % COP achieved 2008 |
|--|-----------------|--|---------------------|
| Figures presented are in EUR m unless otherwise stated | | | |
| Signatures targeting Convergence regions in the EU Countries* | > 16 400 | 20,7 (22,2) | 126 |
| Total loans | | | |
| i2i (now Knowledge Economy) signatures in EU + Pre-Accession Countries* | 7 430 | 12,4 (10,3) | 167 |
| Total loans (EIB) | | | |
| TENs signatures in EU + Pre-Accession Countries* | 8 200 | 12,6 (9,7) | 154 |
| Signatures targeting Environmental Protection & Sustainable Communities* | >10 978 | 19,5 (13,0) | 178 |
| Total EU + Pre-Accession Countries | | | |
| Signatures targeting SMEs* | 7 000 | 8,6 (8,5) | 121 |
| Total loans in EU-27 directed to SMEs | | | |
| Signatures supporting Energy Objective* | 6 500 | 10,2 (5,5) | 156 |
| Total EU + Pre-Accession Countries only | | | |

* Projects may have multiple eligibility. The data regarding signatures for the six priority lending objectives have for the first time been compiled and reported based on the share (%) of each loan contributing to each objective rather than on the full amount which was used in previous years. This had diminished the difference between the overall lending volumes and the sum of those by individual objective.



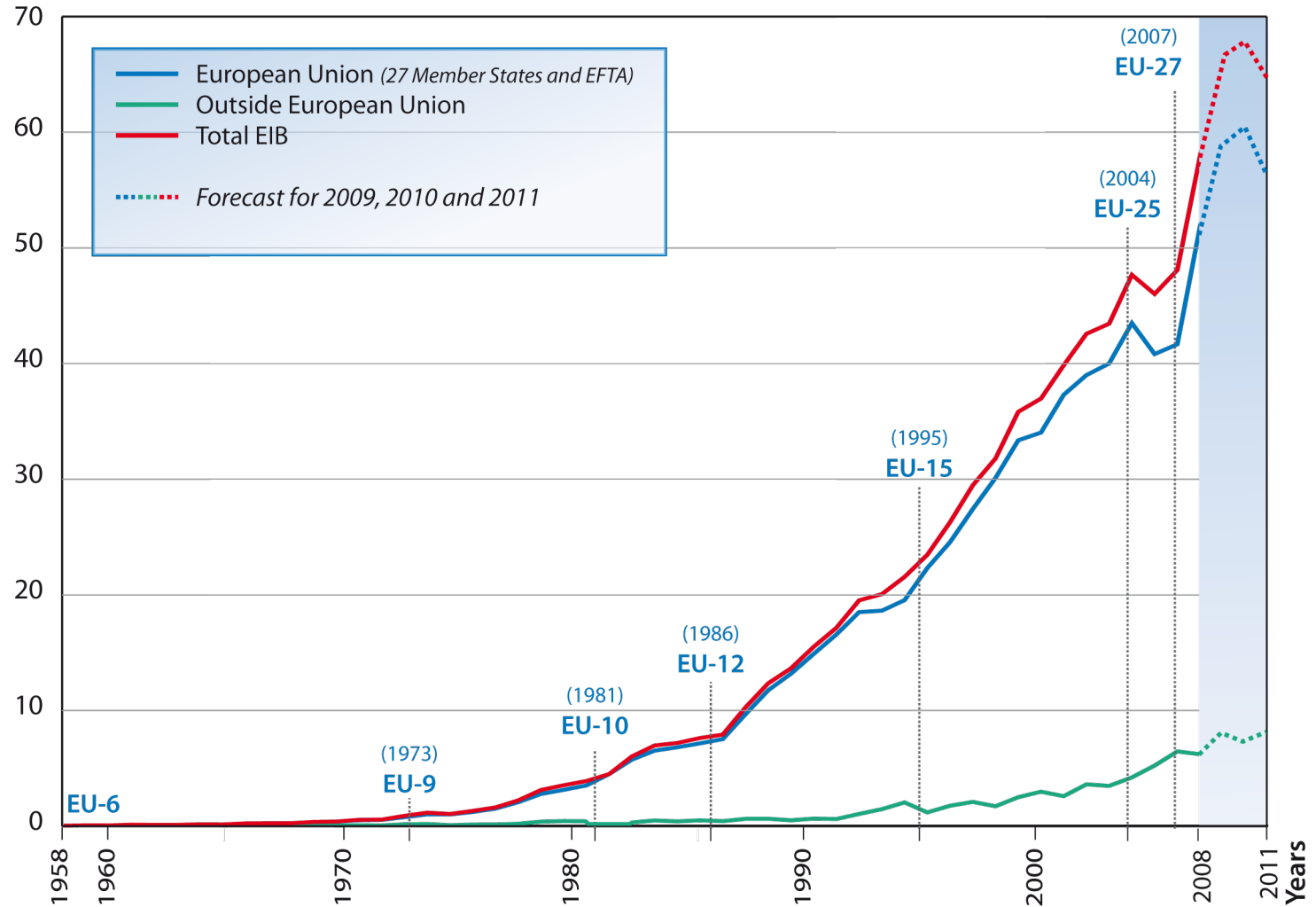
- Outside the Union:
 - Private sector development
 - Infrastructure development
 - Security of energy supply
 - Environmental sustainability
 - Support for EU presence in Asia and Latin America via Foreign Direct Investment (FDI)



EIB lending 1958-2008

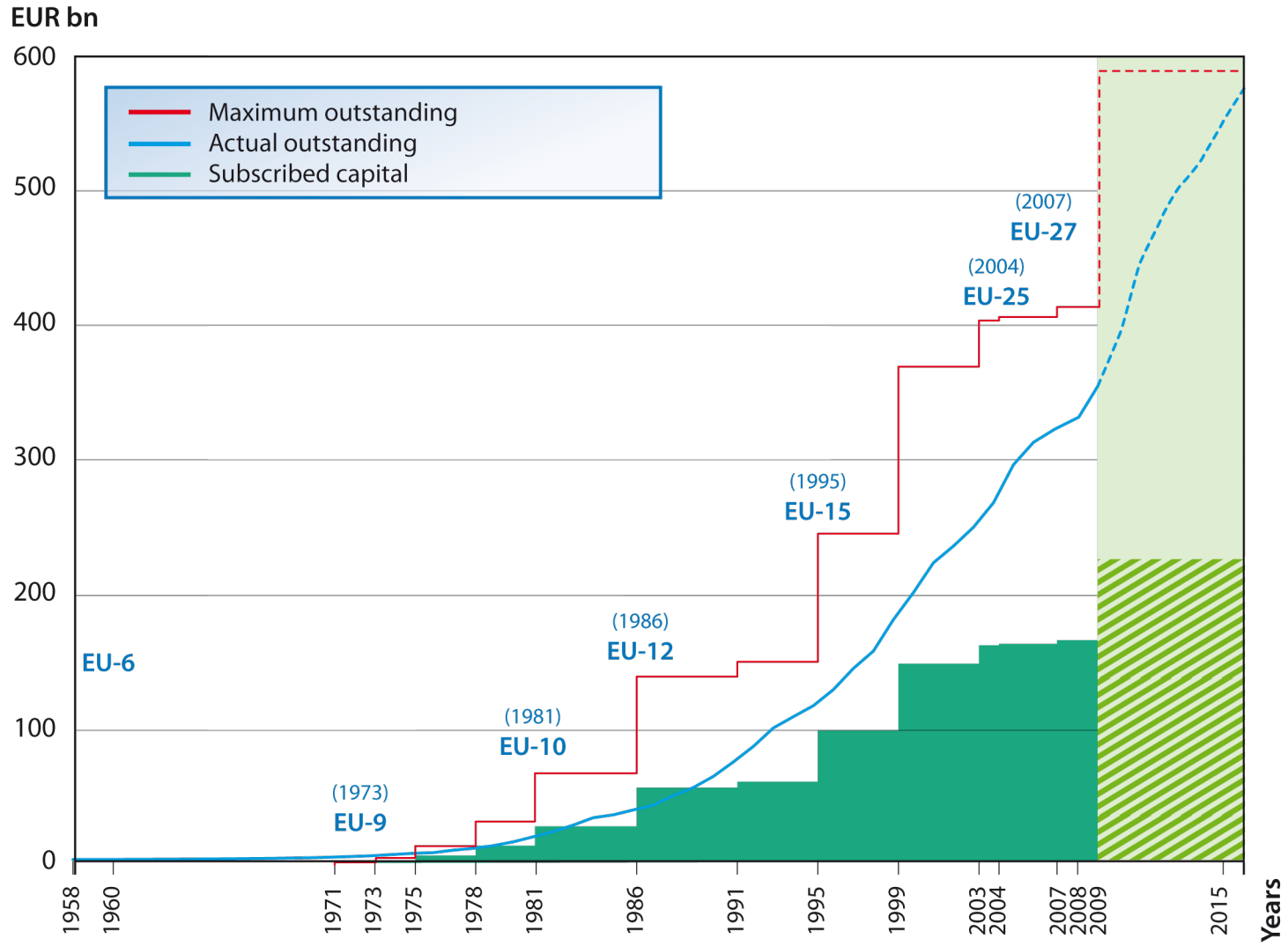


EUR bn





EIB Capital Increases and Outstanding Loans





- ❖ Value added of the Bank's lending activities:
 - ❖ Support for EU priority objectives
 - ❖ Project quality and soundness
 - ❖ Financial benefits of EIB funds
 - ❖ Technical assistance
 - ❖ Project assessment



Under EU Mandates:

- ❖ Pre-Accession
 - ❖ Candidate Countries: Croatia, Turkey and Former Yugoslav Republic of Macedonia
 - ❖ Potential Candidate Countries – Western Balkans
- ❖ European Neighbourhood
 - ❖ Mediterranean Partner Countries
 - ❖ Russia and Eastern Neighbours
- ❖ Development
 - ❖ Africa, Caribbean and Pacific
 - ❖ Asia and Latin America



2008 key figures

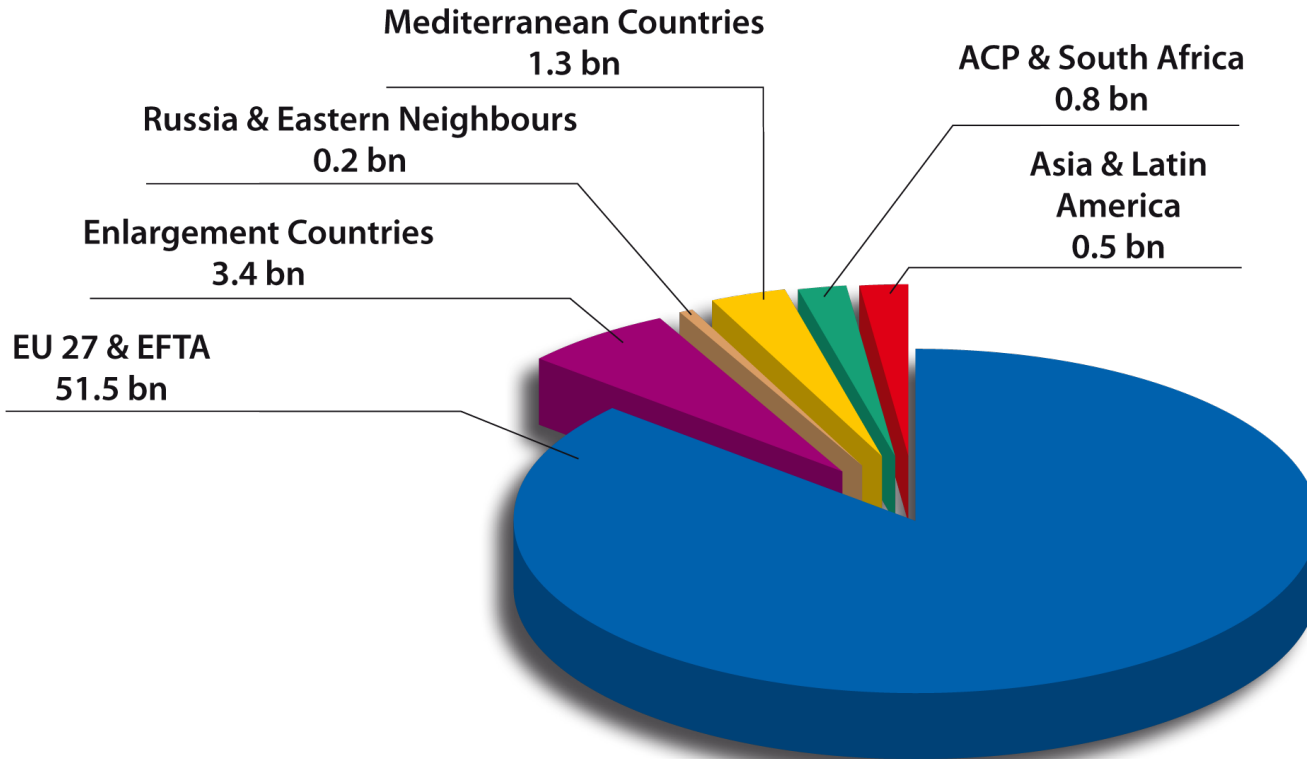


- European Union: EUR 51.5bn
- Partner countries: EUR 6.1bn
- Total lending: EUR 57.6bn

- Borrowings: EUR 59.5bn

- Subscribed capital EUR 232.4bn
(at 01/04/2009)

EIB lending in 2008 (in EUR bn)





The European Investment Fund (EIF)

Venture capital & SME guarantees



- ❖ Established in 1994
- ❖ Owned by:
 - ❖ EIB
 - ❖ European Commission
 - ❖ Other European financial institutions
- ❖ Resources:
 - ❖ Own funds – subscribed capital
 - ❖ EU programmes
 - ❖ Trust operations (EIB, German Government)
- ❖ 2008 figures (signatures):
 - ❖ Venture capital funds: EUR 409m
 - ❖ Guarantee operations: EUR 2,143m



Additional annual EIB lending: EUR 15bn

Focus on the following priority sectors

- ❖ SME and Mid-Caps
- ❖ Energy, Climate Change and Infrastructure
- ❖ Convergence Lending



EIB:

- Increase by 50%
- Additional EUR 2,5bn p.a. in 2008/2009
- Total lending up to EUR 30bn for 2008-2011
- New Mid-Cap Facility of EUR 1bn p.a.

EIF:

- Additional EUR 1bn mezzanine mandate



1. ➤ Make (infrastructure-) projects happen

2. ➤ Technical Assistance
 - JASPERS

3. ➤ JEREMIE
 - JESSICA
 - JASMINE



- if needed: restructuring with stronger public part in all cooperations between public & private sector
- if needed: take a higher share in consortia
- if needed: move out of pari-passu to exclusively long term financing
- if needed: (as far as possible) take more risk



- Increase of Technical Assistance
 - project preparation
 - project standardisation
 - project launching (tendering, ...)
 - project implementation
 - project monitoring and reporting
- EPEC
 - European PPP Expertise Centre
- Western Balkans Investment Framework
 - Initiative of the European Commission, EIB together with EBRD and CEB

General Outline of Anti-Crisis-Programmes



- Investment better than consumption
- Temporarily, timely, targeted
- Oriented on sustainability
- Financially efficient (loans better than grants)
- 2% impact on GDP
 - 0.5% European level (EIB 50%)
 - 1.0% national level
 - 0.5% Länder level

Steps of the crisis



- ❖ Subprime [distribute and originate, client relationship]
- ❖ Monoline-insurances [state guarantee for municipalities]
- ❖ Agencies (Freddy Mac et al.) [credit risk and market-risk]
- ❖ Massive downgrading [repercussions on projects: cross-border leasing]
- ❖ IFRS [procyclical, fair value]
- ❖ Carry trades [foreign currencies]
- ❖ Derivatives [naked short selling]



- Spill-over of the crisis from the financial sector to the real sector
 - Structured finance melts down
 - Spreads are significantly widening (corporates have to pay much more)
 - Bets on default of states increase significantly and the weaker states in the Euro-zone have to pay much more for their state bonds



Shrinking of Lending Capacities of Financial Sector

- De-leveraging
- Losses result in less lending activities
- Off-balance activities retransformed on-balance
- Impact on real sector

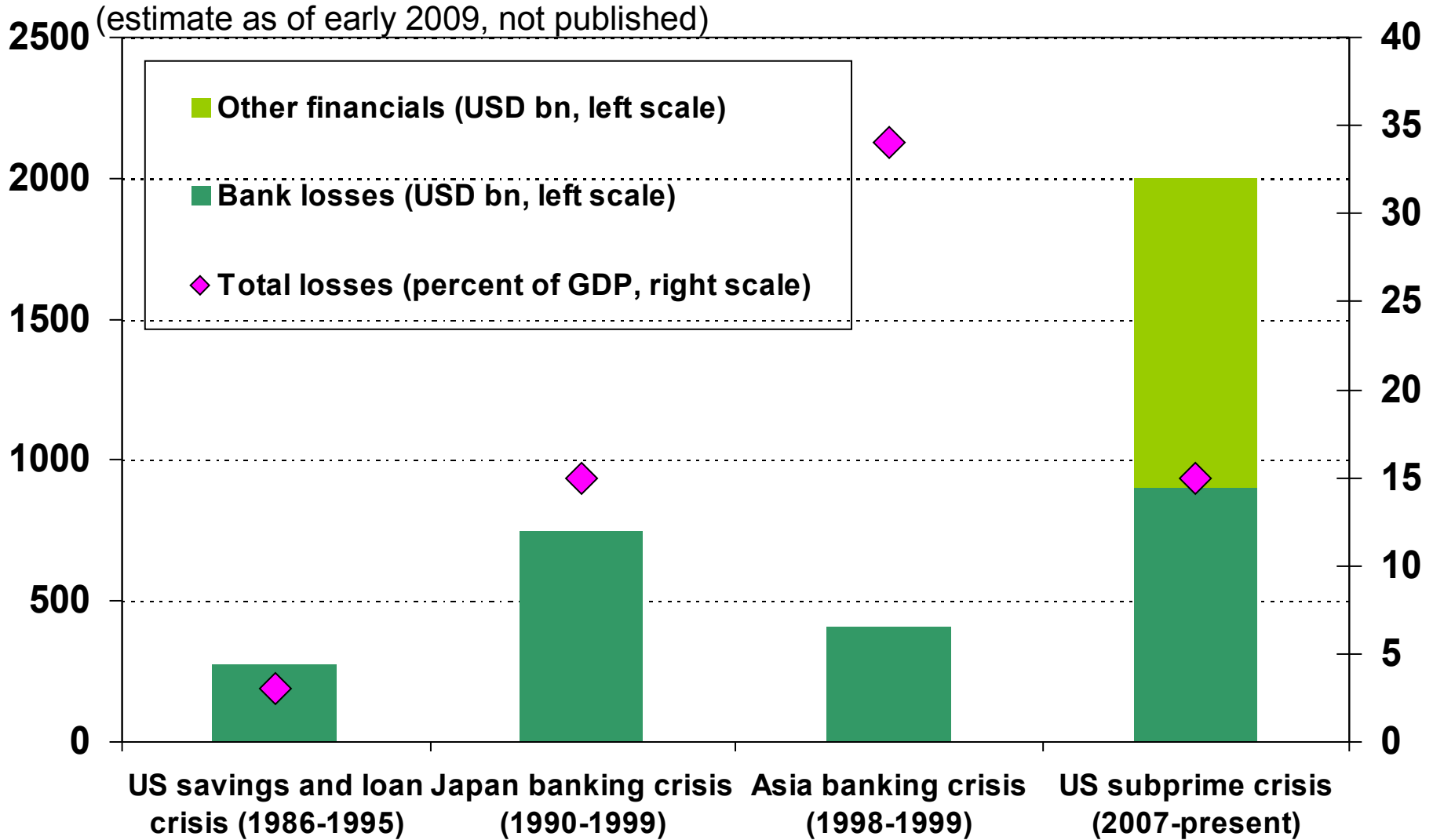
Time Perspective: what crisis' patterns tell



- ❖ 2 years downward trend
- ❖ Output (and jobs) recover 2 years after the bottom was reached
- ❖ Crisis with former „financial stress“ are deeper (investments shrink)
- ❖ Losses in absolute terms of this crisis will be higher than what was known so far



IMF expects losses to exceed those of previous crises





OBJECTIVES

*European objectives
within and outside the Union*



- ❖ Lending for convergence regions, phasing-out/in regions
- ❖ Promoting competitiveness and employment and European cooperation

- ❖ Individual loans of EUR 17.8bn in 2008 in all major economic sectors:
 - ❖ Health and education infrastructure
 - ❖ SMEs
 - ❖ Transport and telecommunications infrastructure
 - ❖ Industry and the services sector
 - ❖ Urban infrastructure

- ❖ Total loans of EUR 31.6bn since 2007

Small and Medium-sized Enterprises (SMEs)

- ❖ EIB credit lines to regional and national banks
- ❖ EIF venture capital and SME guarantees

- ❖ EIB credit lines of EUR 10.8bn in EU in 2008:
 - ❖ Industry
 - ❖ Energy and transport
 - ❖ Services, including tourism

- ❖ Total credit lines of EUR 51bn 2004-2008



- ❖ Climate change initiatives, sustainable development and social welfare
- ❖ Minimising adverse environmental impact in all projects

Direct loans of EUR 15.7bn in 2008 for:

- ❖ mitigating climate change
 - ❖ promoting waste management and sustainable use of natural resources
 - ❖ improving the urban environment
 - ❖ reducing pollution
 - ❖ protecting biodiversity
- ❖ Total loans of EUR 68bn since 2004



- ❖ A competitive, innovative and knowledge-based European economy
- ❖ Job creation and sustainable growth

- ❖ Individual loans of EUR 11.4bn in 2008 for:
 - ❖ Research, development
 - ❖ Education and training
 - ❖ Innovation and ICT infrastructure
- ❖ Total loans of EUR 47.8bn 2004-2008

Trans-European Networks (TENs)



- ❖ Large transport and energy infrastructure networks
- ❖ Transport supporting development and integration
- ❖ Security and diversification of internal energy supply

- ❖ Loans of EUR 12.5bn in 2008:
 - ❖ EUR 9.8bn for TEN Transport
 - ❖ EUR 2.7bn for TEN Energy
- ❖ Total loans of EUR 44.2bn 2004-2008
 - ❖ EUR 38.0bn for TEN Transport
 - ❖ EUR 6.2bn for TEN Energy

Sustainable, Competitive and Secure Energy

- ❖ Four priority areas:
 - ❖ Renewable energy
 - ❖ Energy efficiency
 - ❖ Diversification and security of internal supply (including TEN-E)
 - ❖ External energy security and economic development

- ❖ Individual loans of EUR 8.6bn in 2008:
 - ❖ EUR 1.7bn for renewable energy projects (1)
 - ❖ EUR 2.7bn for TEN-E projects

- ❖ Total loans of EUR 23.7bn 2004-2008
 - ❖ EUR 4.7bn for renewable energy projects (1)
 - ❖ EUR 6.6bn for TEN-E projects

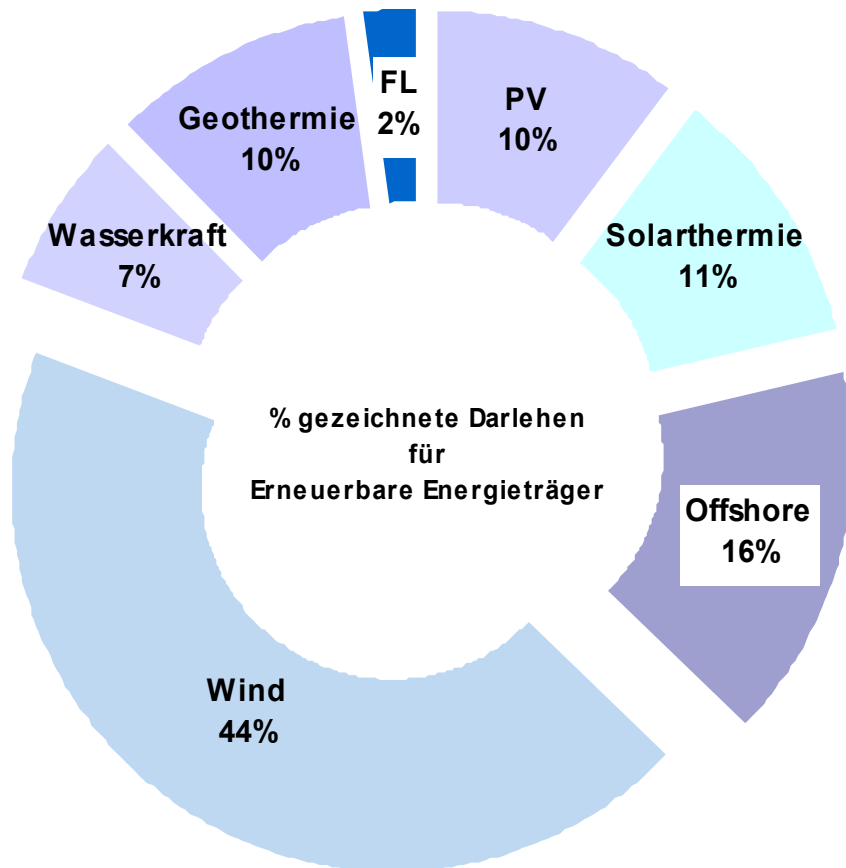
(1) Figures based on the business sector



- ❖ Die EIB hat ein umfassendes Know-How im Bereich der Finanzierungen von Energievorhaben
- ❖ Energie ist eine wesentliche Priorität des OGP
- ❖ Einzeldarlehen für Energievorhaben von 8,6 Mrd. EUR in 2008: davon 1,7 Mrd. EUR für Erneuerbare Energieträger (~20%)
- ❖ Vier Kernbereiche :
 - ❖ Erneuerbare Energien
 - ❖ Energieeffizienz
 - ❖ Diversifizierung und Sicherung der internen Energieversorgung (einschl. TEN-Energie)
 - ❖ Sicherung der externen Energieversorgung und wirtschaftliche Entwicklung

OGP=Operativer Gesamtplan

PORTFOLIO ERNEUERBARE ENERGIETRÄGER 2002-2007 (UNTERZEICHNUNGEN)



% gezeichnete Darlehen
für
Erneuerbare Energieträger

Bis heute hat die EIB ~5% der installierten Kapazität der Windenergie in Europa finanziert

Schwerpunkt: Mittlere und große Onshore Projekte als auch Unterstützung von Offshore Vorhaben (DK, UK)

EIB Mittel für solare Spitzentechnologie Concentrating Solar Power in Spanien

aktuell: Finanzierungen von upstream PV Vorhaben (wafer Produktion, Modul-Herstellung) und erster großtechnische PV Anwendung (10MW, netzgebunden)

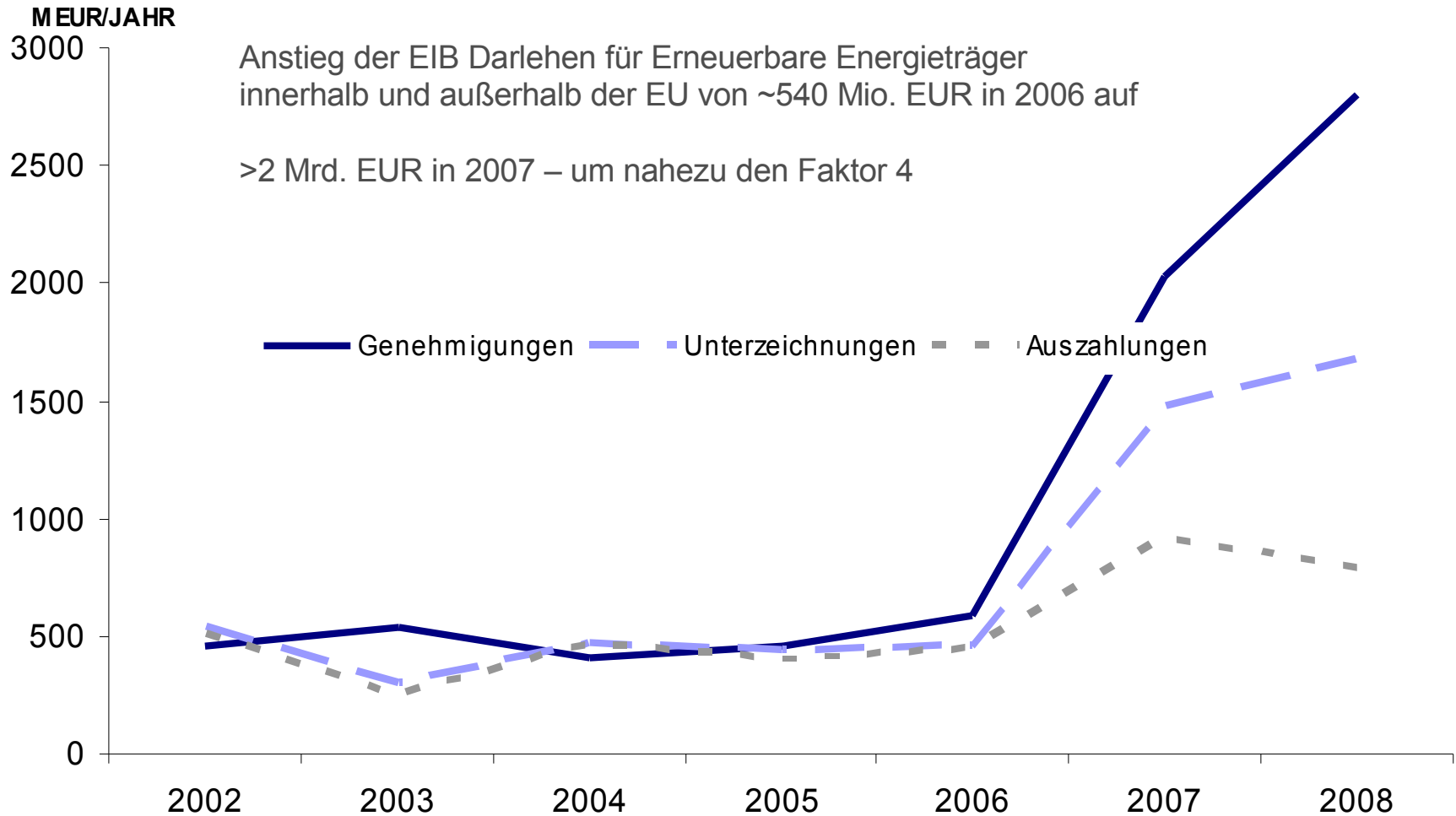
FL: Framework Loan



FINANZIERUNGSAKTIVITÄTEN ERNEUERBARE ENERGIETRÄGER



SAUBERE ENERGIE FÜR EUROPA – TRACK RECORD





➤ DIFFERENZIERUNG BEI TECHNOLOGIEN

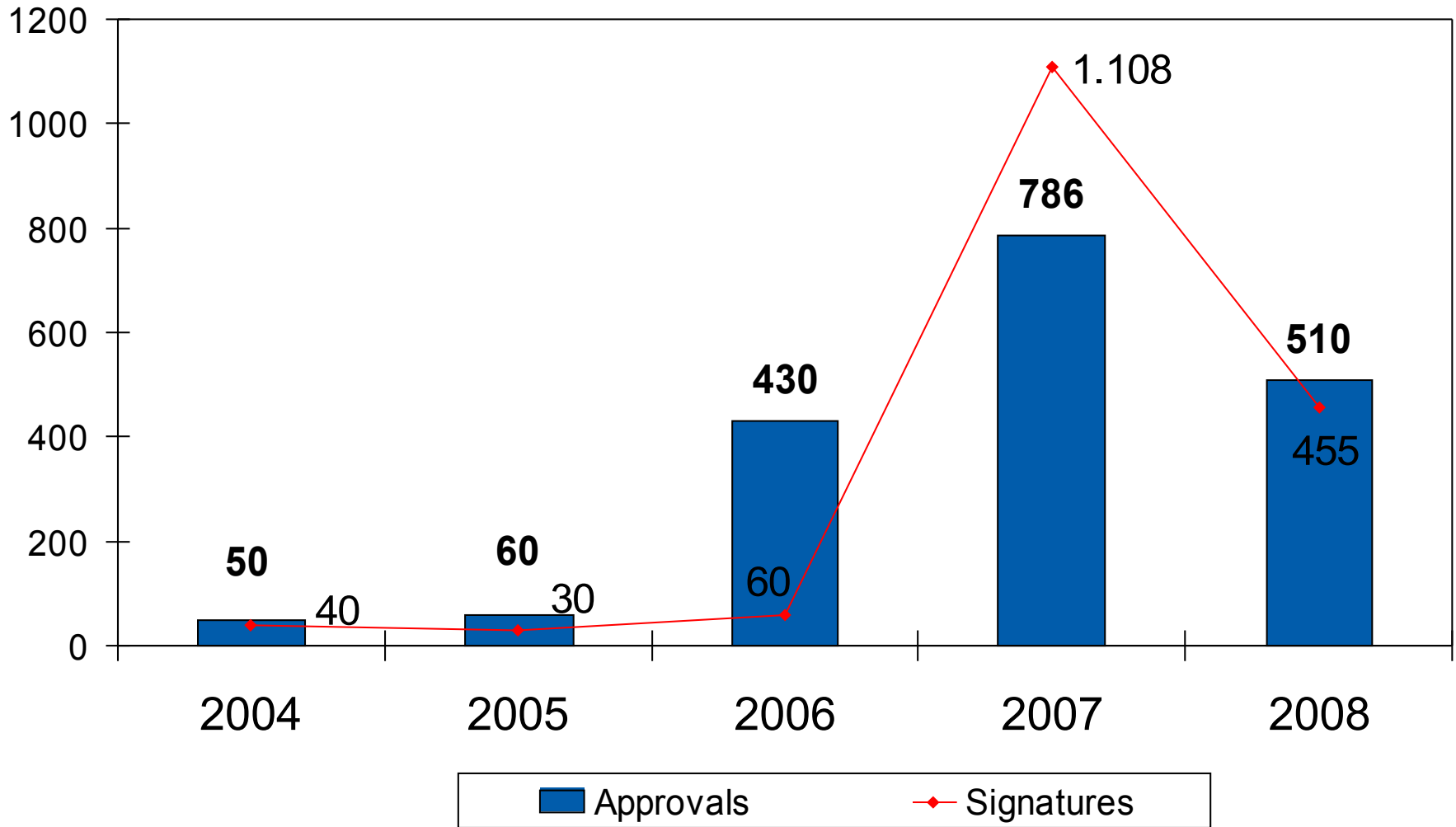
- **Kommerziell ausgereifte EE Technologien** = Wind, Geothermie, Wasserkraft, KWK-Biomasse
- **Neue EE Technologien** = Solarenergie (CSP & PV), Offshore Wind; Gezeitenkraftwerk,

➤ VOLKSWIRTSCHAFTLICHE RENTABILITÄT

- Festlegung eines Referenzwertes basierend auf aktuellen Szenarien für Brennstoffpreise und externen Kosten (u.a. CO₂)
- Referenzwert = Stromgestehungskosten (EUR/MWh) der kosteneffizientesten Alternative auf der Basis fossiler Energieträger
- **Kommerziell ausgereifte Technologien** müssen zu gleichen oder geringeren Kosten Strom erzeugen
- Finanzierung von **neuen Technologien** beabsichtigt Marktdurchdringung zu stützen und langfristig Kostendegression zu erreichen

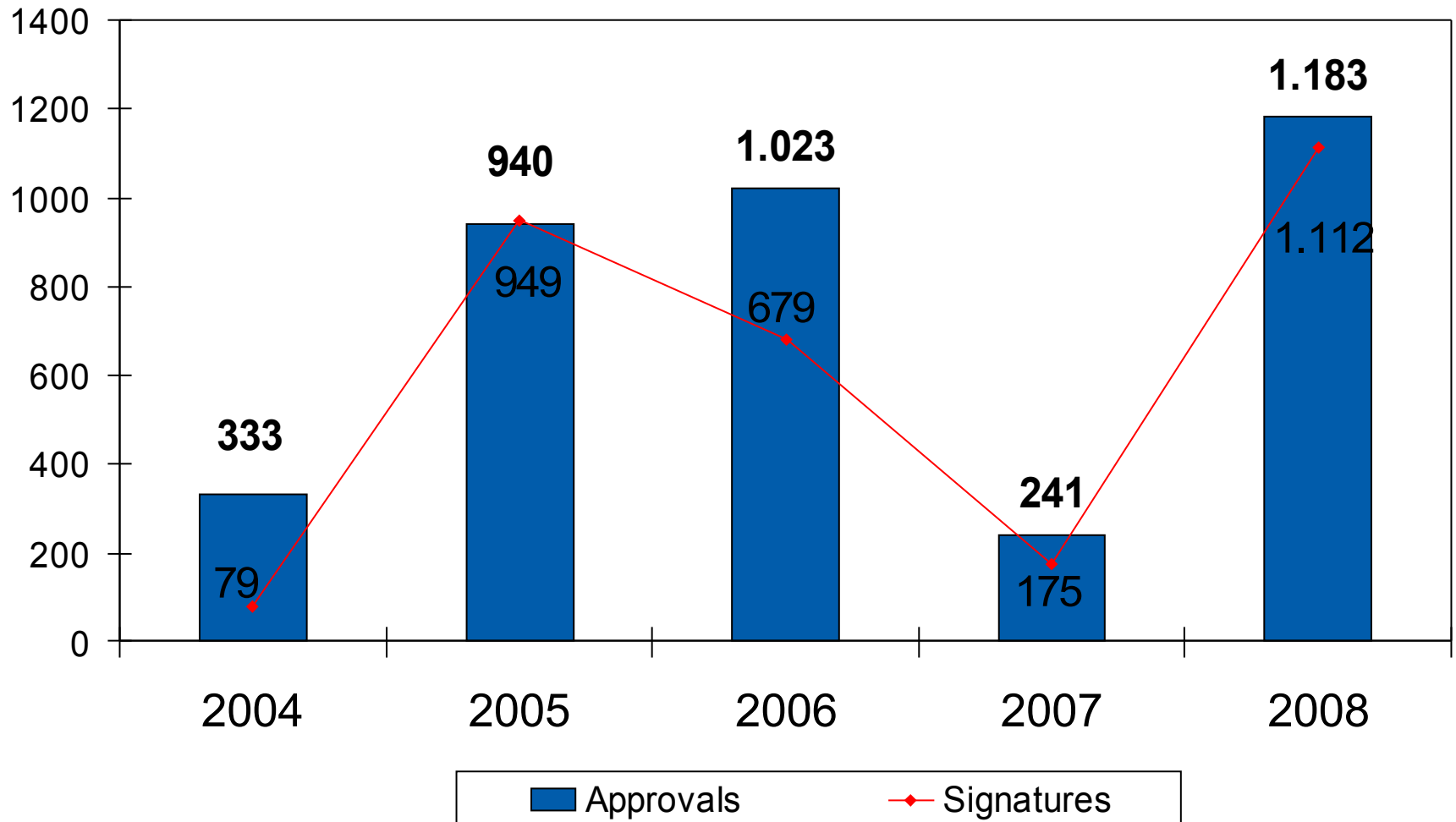


Approvals and Signatures Bulgaria – 2004 till 2008 (in m EUR)



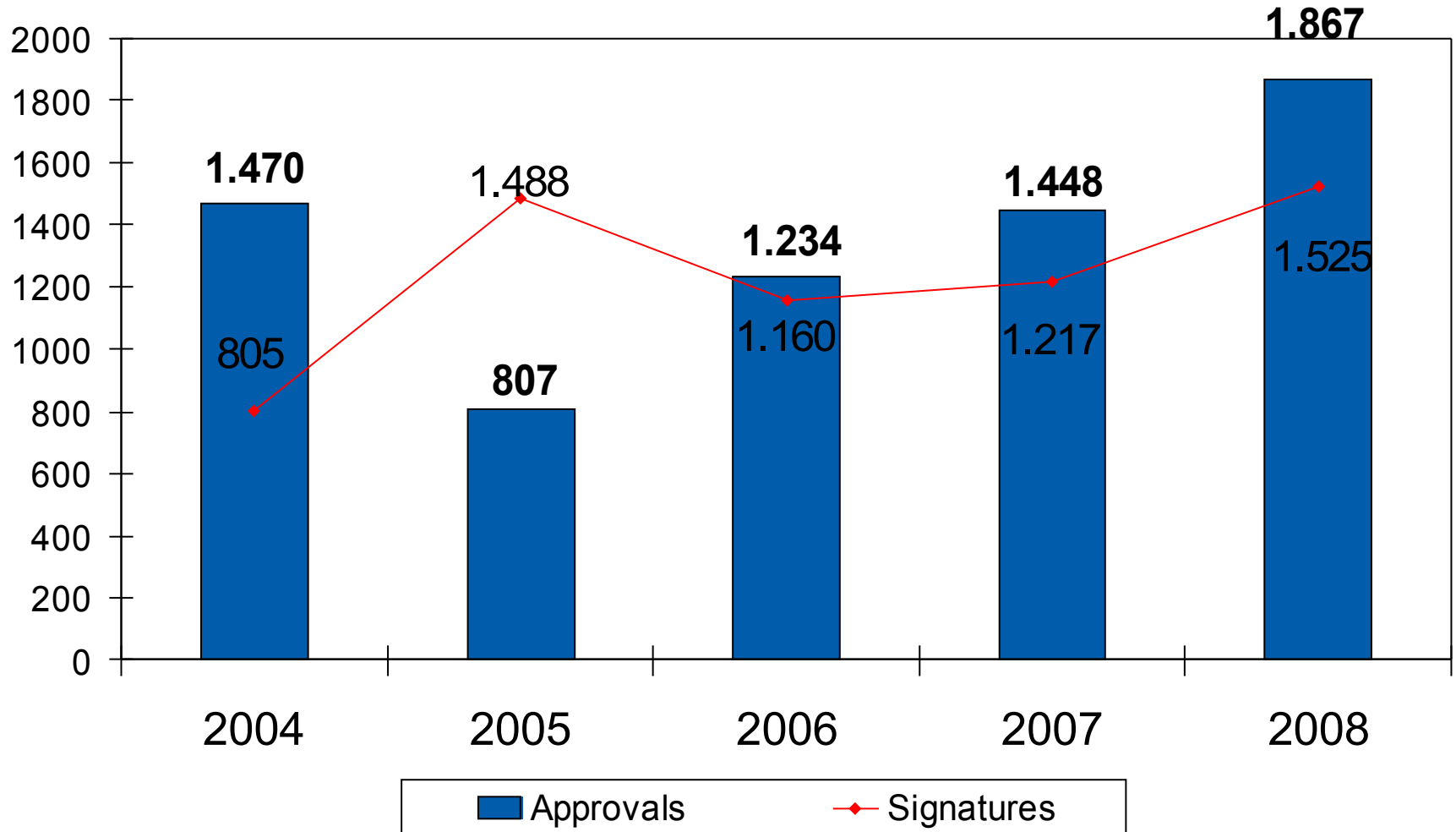


Approvals and Signatures Romania – 2004 till 2008 (in m EUR)



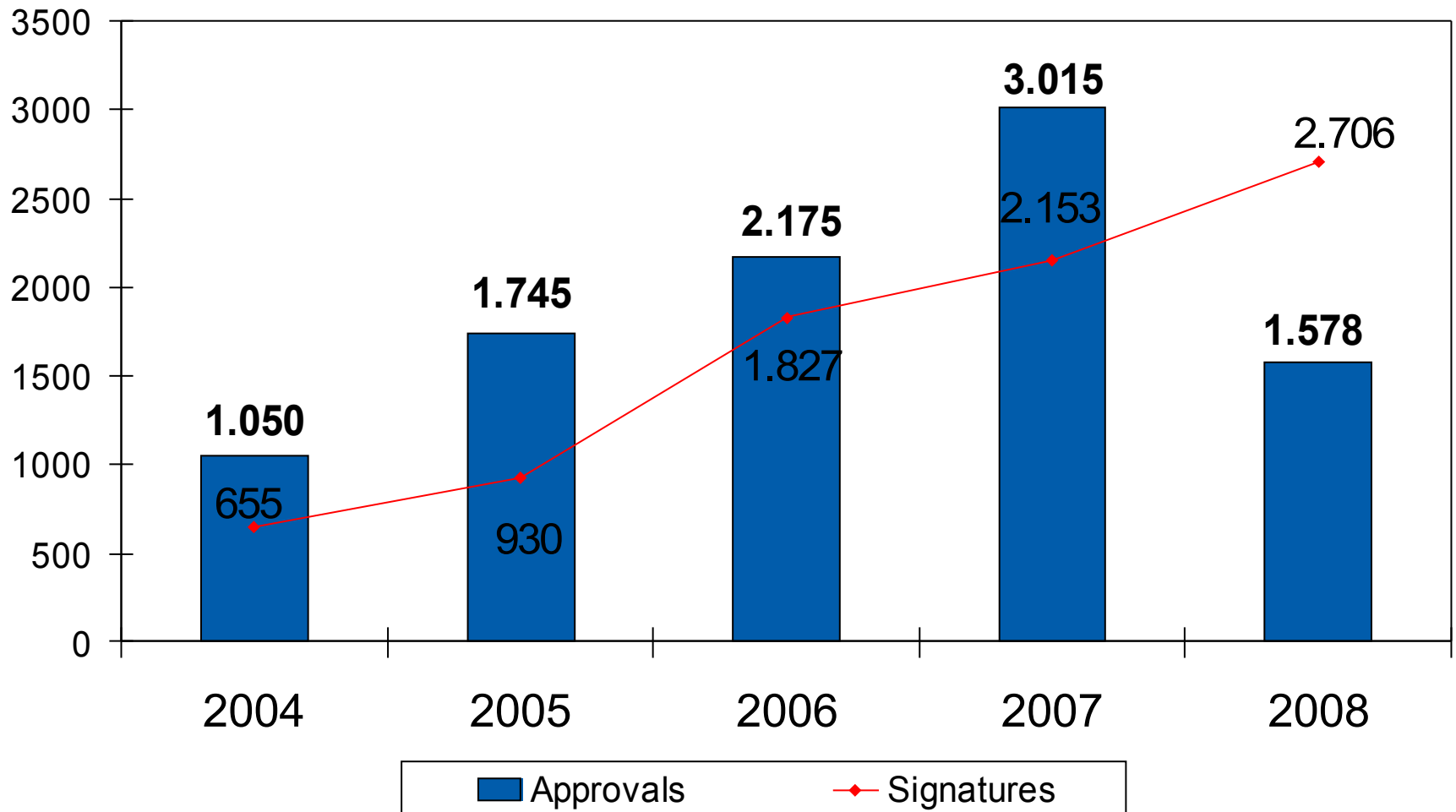


Approvals and Signatures Hungary – 2004 till 2008 (in m EUR)

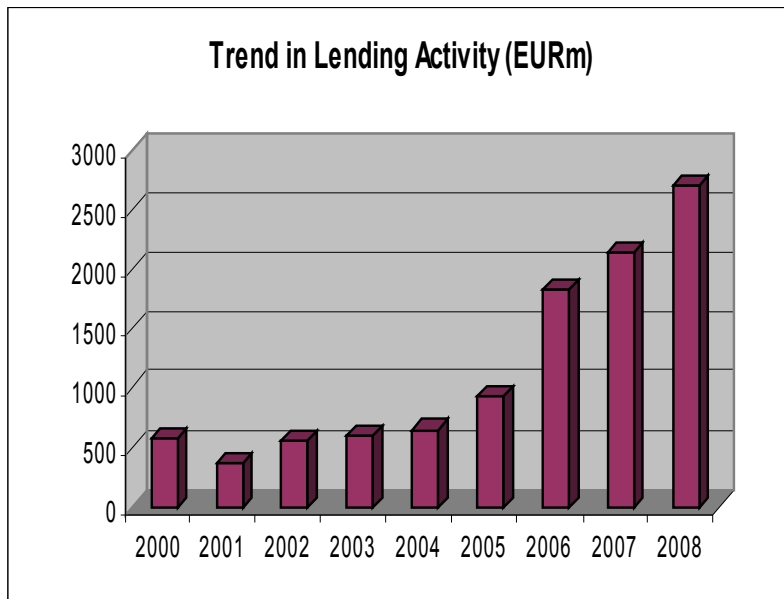




Approvals and Signatures Turkey – 2004 till 2008 (in m EUR)



EIB in Pre-Accession countries: Turkey



-THREE PILLARS OF ACTIVITY:

Public sector support (i) infrastructure: national flagship transport projects (railway, Bosphorus tunnel); local infrastructure (water / waste water / light rail / earthquake mitigation), Human Capital (Education, Research).

Corporate sector: FDI, energy

Corporation with public and private banking sector focusing on SMEs, municipal infrastructure, energy efficiency & environment.

PRIORITIES 2009:

SME support

Energy, with focus on renewables

Infrastructure needs, in line with EC priorities (TENs)

- ❖ **OVERALL OBJECTIVE: Lending support aligned with EU policies focused on Accession process**



Activity in Turkey



EIB lending activity in Turkey: 2004- 2008, forecast 2009

| EUR millions | 2004 | 2005 | 2006 | 2007 | 2008 | Forecast 2009 |
|---------------------|-------------|-------------|--------------|--------------|--------------|--------------------------|
| Transport | 255 | 450 | 1,002 | 652 | 919 | 350 |
| SMEs through banks | 400 | 390 | 100 | 900 | 1,050 | 1,200 |
| Energy | - | 18 | 100 | - | 235 | 250 |
| Municipal / Water | - | 30 | - | - | 300 | 100 |
| Human Capital | - | - | 50 | 400 | - | 200 |
| Industry / Telecom | - | 42 | 575 | 200 | 200 | 100 |
| TOTAL | 655 | 930 | 1,827 | 2,152 | 2,704 | 2,200 |



Activity in Western Balkans (incl. Croatia)



2004 - 2008, forecast 2009

| EUR millions | 2004 | 2005 | 2006 | 2007 | 2008 | Forecast 2009 |
|---------------------|-------------|-------------|-------------|-------------|-------------|----------------------|
| Transport | 200 | 285 | 430 | 299 | 87 | 937 |
| SMEs through banks | 45 | 149 | 160 | 181 | 385 | 905 |
| Energy | 40 | - | - | 293 | 3 | 85 |
| Municipal / Water | 175 | - | - | - | 115 | 148 |
| Human Capital | - | 25 | 93 | | 70 | 50 |
| Industry / Telecom | - | - | - | - | 87 | 0 |
| TOTAL | 460 | 459 | 683 | 773 | 747 | 2,125 |



IFI's CONTRIBUTIONS



EIB

- ❖ Long term loans available in excess of EUR 4.6 bn¹ (+ EUR 4.4bn of 2009 approvals²)

EBRD

- ❖ Mainly equity in amounts not yet defined (informal indications of EUR 500 m equity and EUR 1.0bn loans ?)

IFC

- ❖ Equity and mezzanine loans of some EUR 500m (+ additional resources from co-financiers)

Note: 1) Includes loans approved and not signed and loans signed but not disbursed, as of 28 February 2009.

2) Global loans and EIB loans for SMEs in the pipeline for 2009 as of 28 February 2009.



EIB LENDING RESOURCES at 28.02.2008



| EU 10 | Pre-Accession | | Eastern Neighbourhood & Partner countries |
|--|---|--|---|
| | Western Balkans | Turkey | |
| <ul style="list-style-type: none"> ❖ Credit lines for SMEs, Municipalities via public / private intermediary banks | <ul style="list-style-type: none"> ❖ Credit lines for SMEs, Municipalities via public / private intermediary banks | <ul style="list-style-type: none"> ❖ Credit lines for SMEs, Municipalities via public / private intermediary banks | <ul style="list-style-type: none"> ❖ No credit lines available for intermediary banks ❖ Transport, energy, ICT, environment |
| <ul style="list-style-type: none"> ❖ Authorised (not signed): € 1,090 m ❖ Signed (not disbursed): € 1,700 m ❖ Pipeline: € 2,430 m ❖ Total: € 5,220 m | <ul style="list-style-type: none"> ❖ Authorised (not signed): € 80 m ❖ Signed (not disbursed): € 450 m ❖ Pipeline: € 1,140 m ❖ Total: € 1,670 m | <ul style="list-style-type: none"> ❖ Authorised (not signed): € 850 m ❖ Signed (not disbursed): € 440 m ❖ Pipeline: € 850 m ❖ Total: € 2,140 m | <ul style="list-style-type: none"> ❖ Total: € 0 m |

In total, EUR 9.0bn available or in pipeline



- ❖ Test activity with Raiffeisen International (meetings IFC, EBRD, EIB)

- ❖ Coordination meeting IFIs: EIB, IFC, EBRD (CEB observer)

- ❖ Joint IFIs Communiqué 27 February 2009

- ❖ Meetings IFIs - banking groups:
 - ❖ Meetings in Vienna and Brussels week of March 9th (UniCredit Bank Austria; Erste Bank; Hypo Alpe Adria & MKB; OTP; KBC)

 - ❖ Meetings with remaining main banking groups present in the region (Intesa; NBG; EFG; Alpha; Piraeus; Nordic Banks) to be concluded by mid-April



- ❖ Finalise round of meetings IFIs – banking groups

- ❖ Banking groups to provide IFIs with detailed “needs” matrix by country and by product (i.e. senior lending from EIB and EBRD, capital from EBRD and IFC and country risk insurance from MIGA)

- ❖ Coordinated IFIs action is agreed based on banking group needs
 - ❖ Joint or separate due diligence
 - ❖ Bilateral business implementation is pursued as usual with strengthened communication between IFIs
 - ❖ Implementation follow-up amongst IFIs and with banking groups on a regular basis (conf. calls)



EIB Activities Outside the Union

- ❖ Supporting EU Development and Cooperation Policies in Partner Countries
- ❖ EIB external mandates:
 - ❖ Pre-accession countries:
 - ❖ Candidate countries - Croatia, Turkey and Former Yugoslav Republic of Macedonia
 - ❖ Potential candidate countries - Western Balkans
 - ❖ European neighbourhood:
 - ❖ Mediterranean Neighbourhood (FEMIP)
 - ❖ Eastern Europe, Southern Caucasus, Russia
 - ❖ Development:
 - ❖ Africa, Pacific and Caribbean (ACP)
 - ❖ South Africa
 - ❖ Asia and Latin America (ALA)
- ❖ Loans of EUR 6.1bn in 2008



Main External Mandate 2007-2013 for EIB lending operations outside the EU

= EUR 27.8bn, of which

EUR 3.7bn for Russia and Eastern Neighbours,
i.e.:

- ❖ Eastern Europe : Ukraine, Moldova and –
subject to future Council Decision – Belarus
- ❖ Southern Caucasus : Armenia, Azerbaijan and
Georgia



2007-2013 Mandate for Eastern Europe, Southern Caucasus & Russia

- Focus on projects of significant interest to the EU in **transport, energy, telecoms and environmental infrastructure**.
- Priority to projects on extended major **Trans European Network Axes**, projects with **cross-border implications** for one or more Member States and major projects favouring **regional integration** through increased connectivity.
- In the **energy sector**, strategic energy supply and energy transport projects are of particular importance.



EIB-financed projects in Russia and Eastern Neighbours under all mandates to date

Russia:

| | |
|---|-------------------|
| ■ Vodokanal I (co-financed with EBRD & NIB) | EUR 25m |
| ■ Flood Barrier Project (co-financed with EBRD & NIB) | EUR 40m |
| ■ Vodokanal II (co-financed with EBRD & NIB) | EUR 20m |
| ■ Moscow District Heating (with EBRD, at signature) | <i>[EUR 100m]</i> |
| ■ OGK-5 Power Plant Modernisation (with EBRD, at signature) | <i>[EUR 250m]</i> |

Ukraine:

| | |
|--|-------------------|
| ■ European Roads (co-financed with EBRD) | EUR 200m |
| ■ Rivne-Kyiv High-Voltage Line (co-financed with EBRD) | EUR 150m |
| ■ Ukraine Railways Rolling Stock (with EBRD, at signature) | <i>[EUR 175m]</i> |

Moldova:

| | |
|---|---------|
| ■ European Roads (co-financed with WB & EBRD) | EUR 30m |
| ■ Chisinau Airport (co-financed with EBRD) | EUR 20m |

| | |
|-------------------------------|--|
| ■ TOTAL SIGNED TO DATE | EUR 485m <i>[+EUR 525m at signature]</i> |
|-------------------------------|--|

 For more information...



<http://www.eib.org/>