



EUROPEAN INVESTMENT BANK

5ème Université d'Été de la Traduction Financière

The EIB : We Are What We Do



The European Investment Bank (EIB)

Long-term finance promoting European objectives



- ❖ Campbell Thomson – Conseiller

Or

- ❖ Eur.Ing Campbell Thomson M.Eng, MBA,
C.Eng, C.Env, M.I.Mech.E.

So

- ❖ Adviser to an Investment Bank – but an Engineer, working as an Engineer/Economist
- ❖ That is why the EIB needs to be explained.



The European Investment Bank (EIB)

Long-term finance promoting European objectives



- ❖ But first – what is a bank?
- ❖ A bank is:
 - ❖ A modern invention;
 - ❖ A convenience store / épicerie du coin / corner shop;
 - ❖ A “middleman” – facilitating the economy, without creating an economic benefit.



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, external



BORROWING ACTIVITY

A leading sovereign-class international borrower



Funding strength adds value for customers



- ❖ Loan portfolio is mainly funded through bond issues on international capital markets;
- ❖ Passing on to loan customers of funding advantage, benefiting from financial strength and stability – AAA rating – and strong capital market positioning;
- ❖ Non-profit maximising – lending at close to the cost of borrowing;
- ❖ Large and frequent international bond issuer. EUR 59.5bn issued in 2008;
- ❖ EIB's ownership by all EU sovereigns means its bonds offer a unique and diversified sovereign-class investment: *'the way to buy Europe'*.



Strategic and development impact



- Strategic: large, liquid benchmark issues across key maturities in EUR, GBP and USD:

EUR: A leading complement to sovereigns; benchmark issues from 3-years to 30-years

GBP: largest non-gilt issuer; maturities up to 2054

USD: one of the largest non-US issuers

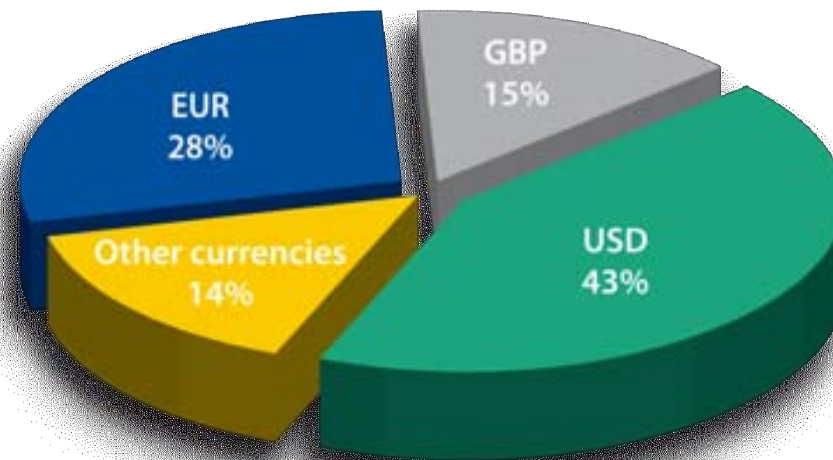
- Tailor-made plain vanilla and structured issuance in more than 35 currencies (including issues in synthetic format) since 2000.

- Development: active in capital markets of new/future EU Member States and selected EU partner countries, notably in Africa. Local currency issuance may also be linked to local currency lending.

EIB borrowing activity



- Total borrowing in 2008: EUR 59.5bn
- 247 bond issues across 22 currencies (including 4 currencies in synthetic format)



- Largest supranational borrower



The European Investment Bank (EIB)

European priority objectives



- Within the Union:
 - Cohesion and convergence;
 - Small and medium-sized enterprises (SMEs);
 - Environmental sustainability;
 - Knowledge Economy;
 - Trans-European Networks (TENs);
 - Sustainable, competitive and secure energy



The European Investment Bank (EIB)

European priority objectives



➤ Outside the Union:

- Private sector development;
- Infrastructure development;
- Security of energy supply;
- Environmental sustainability;
- Support for EU presence in ALA via FDI.



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



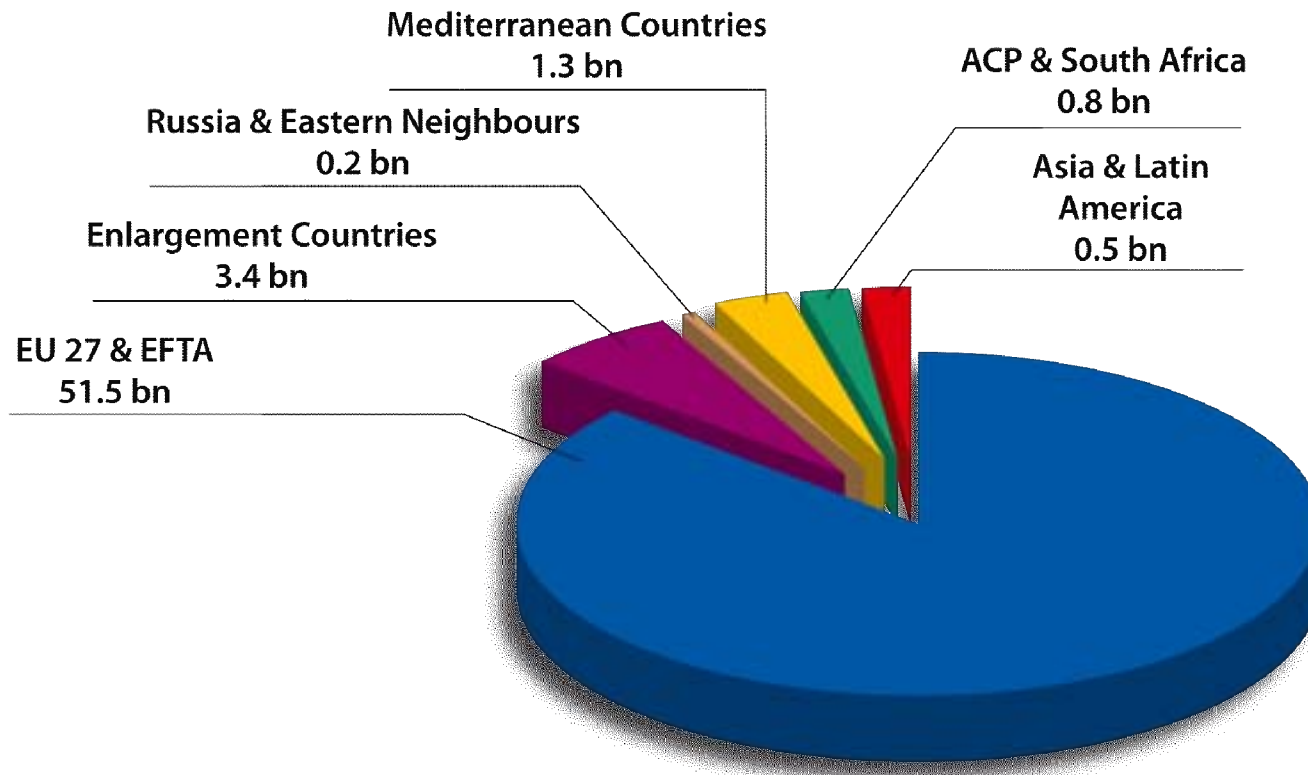
- European Union: EUR 51.5bn
- Partner countries: EUR 6.1bn
- Total lending: EUR 57.6bn

- Borrowings: EUR 59.5bn

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



EIB lending in 2008 (in EUR bn)



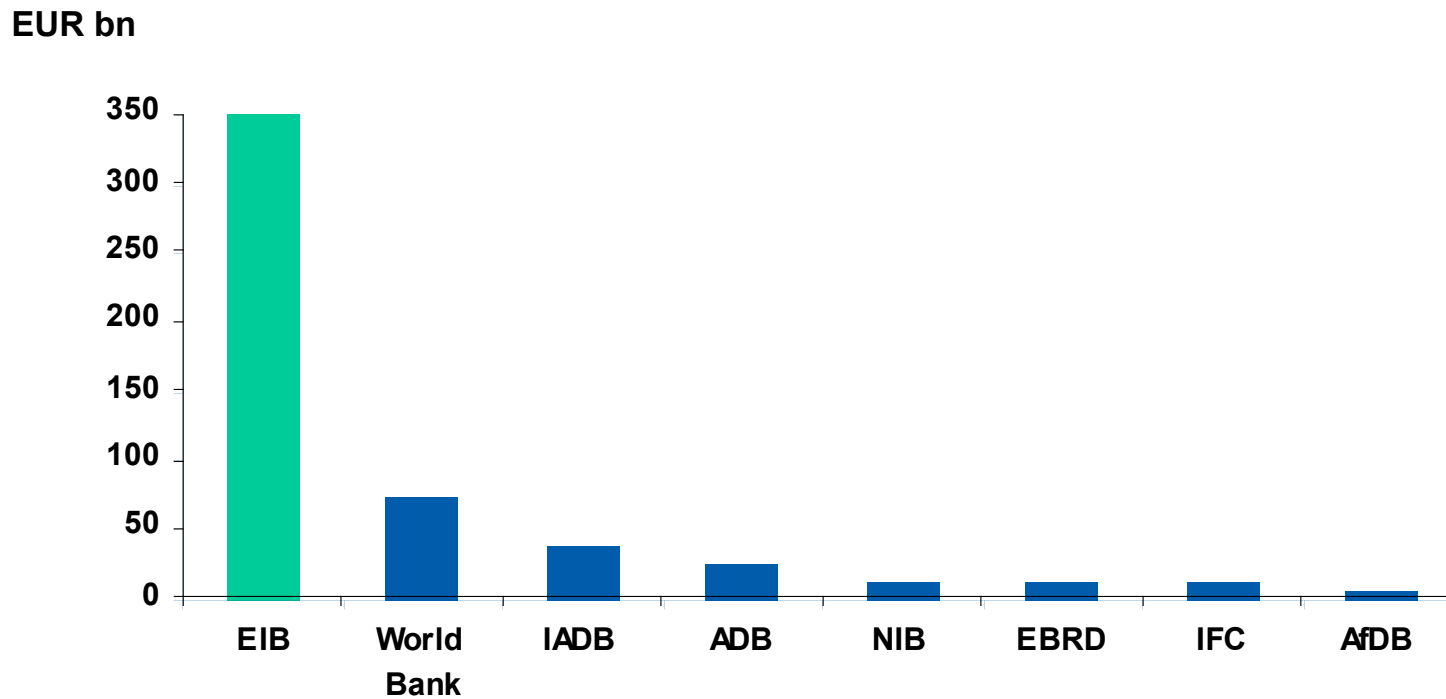


FIB lending 1958-2008





Largest Supranational Lender



Loans outstanding (signed)

EIB, IADB, ADB, NIB, EBRD, AfDB : December 2008

World Bank, IFC: June 2009



Africa, Caribbean & Pacific



- Cotonou Agreement mandate
- EIB can lend up to EUR 3 537m under the Investment Facility (of which EUR 400m in the form of subsidies and technical assistance) as well as up to EUR 2 000m from its own resources (2008-2013)
- Loans of EUR 561m in 2008 for :
 - Industry and services
 - Energy and infrastructure
 - SMEs
- Total loans of EUR 3 042m 2004-2008
- Republic of South Africa Mandate:
 - EIB can lend up to EUR 0.9bn during 2007-2013
 - Focus on infrastructure projects of public interest and private sector support
 - Loans of EUR 203m in 2008
 - Total loans of EUR 641m 2004-2008



- 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.



- To achieve Value Added, all Projects must:
 - Be technically sound;
 - Meet at least one of the EIB's objectives;
 - Show an acceptable economic return;
 - Be financially viable;
 - Comply with environmental protection and procurement regulations.



Projects Eligible for EIB Resources



- All projects must meet EIB criteria:
 - They must be economically sound – not just financially sound;
 - They must meet the EIB's eligibility criteria;
 - The Project Cost must be in line with the EIB definition;
 - The procurement procedures must be in line with EIB Procurement Guidelines;
 - The project must comply with the EIB's Environmental and Social Practices Handbook.



But what about translation?



Three official languages:

- ❖ German – may be used in high level committees
- ❖ French – a “working language” and the main administrative language
- ❖ English – a “working language” the new *lingua franca*.
The second language of most newcomers to the EIB
- ❖ Everyone must be fluent in one working language, with a working knowledge of the other.



But what about translation?



- Internal Documents – English, French, either, or both;
- Incoming documents – language of country of origin – or language of project “Promoter”.
- Finance Contract
 - “Old Member States” – their language
 - “New Member States” – English (or French)
 - Non-Member States - English (or French)



But what about translation?



- ❖ Personal translation challenges:
 - ❖ Reading and understanding Greek, Finnish, Czech, Arabic – in fact anything except Romance or Germanic languages;
 - ❖ Spotting the subjunctive;
 - ❖ Avoid *les faux amis*;
 - ❖ Getting 100 pages of business plans and economic analysis translated by lunchtime;
 - ❖ Going to a Polish building site and asking intelligent questions without a language in common.



For more information...



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

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