



EIB Borrowing Activities in 2008

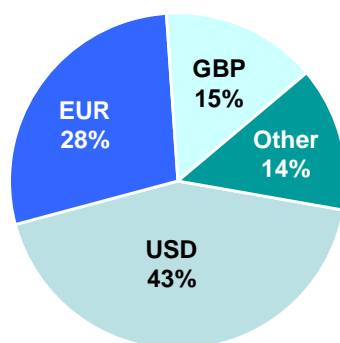
Resilience amid uncertain times

- Bank's funding activities remained relatively resilient amid heightened market volatility and uncertainty, and a severely disrupted funding environment for most of the fourth quarter.
- In turbulent times the Bank, being AAA rated, benefited all the more from its ability to offer top quality diversification through EIB's ownership by all EU sovereigns, underpinning positioning as 'The Way to Buy Europe'.

Significant growth vs. 2007

- **EUR 59.5 billion** raised via **247 transactions** in **22 currencies**.
- 2008 funding volume was significantly larger than in 2007 (EUR 54.7 billion), growing in parallel with the Bank's increase in its loan disbursements.
- Resources borrowed in the Bank's three core currencies (EUR, GBP, USD) amounted to EUR 51.2bn, accounting for 86% of the total (84% in 2007). The composition by currency was: 28.2% EUR, 42.9% USD, and 15.0% GBP. The three next largest contributors were AUD (EUR 2.3bn equivalent), JPY (EUR 1.4bn) and CHF (EUR 1.2bn).

Currency Breakdown of borrowings in 2008



AUD	3.9%	NOK	0.9%	RUB	0.1%
JPY	2.3%	SEK	0.7%	CZK	0.1%
CHF	2.0%	ZAR	0.6%	MXN	0.1%
NZD	1.5%	BGN	0.2%	ISK	0.03%
TRY	1.4%	HUF	0.2%	SKK	0.01%

Issues in synthetic format include:

Brazilian real (BRL), Indonesian rupiah (IDR), Philippine peso (PHP) and Zambian kwacha (ZMK), with payment and settlement in either EUR or USD.

Benchmarks in strong demand

- The reliance on core currency benchmark issuance conditioned by the market environment continued to be a dominant feature in 2008. Benchmark funding in EUR, GBP and USD, together generated a volume of EUR 43bn or 72% of the total.
- Almost half of this benchmark issuance was through USD Globals, with a record 8 issues.
- Strong demand for benchmarks was again evident in other currencies. Non-core currency markets where EIB strengthened its benchmark offering or achieved sizeable volume in 2008 included Australian dollars (AUD), Japanese yen (JPY), Swiss franc (CHF) and Swedish krona (SEK).

EUR: Responsiveness to investor demand

- In EUR a total of 29 transactions were finalised in 2008, raising the amount of EUR 16.8 billion, or 28% of the total programme for the year.
- Benchmark transactions in EUR amounted to EUR 13 billion or 78% of all issuance in EUR. EIB launched two new Euro Area Reference Notes ('EARN'), and five re-openings of existing EARNs.
- Targeted plain-vanilla issuance amounted to around EUR 3.2 billion via 9 transactions. The Bank concluded 13 structured transactions in 2008, amounting to EUR 548 million or 3% of total EUR issuance.
- The Bank issued a EUR 180m "Popular Bond", the first issue entirely underwritten and distributed by Italian Popular Banks. However, overall demand from retail investors remains low and was even lower than in previous years. Under current market conditions, these investors in certain markets seem to be less attracted by public bonds that offer lower yields than those issued by high quality corporates.

GBP: Largest non-Gilt issuer

- 50 transactions were launched in 2008, raising GBP 6.9 billion (EUR 8.9 billion), or 15% of the total programme for the year.
- The Bank maintained its position as the largest non-Gilt benchmark issuer in 2008.

USD: Record volume of USD Global issuance

- The Bank raised an all time record amount of USD funding, an increase of 85% compared to 2007. 55 transactions were executed in 2008, raising an amount of USD 35.5 billion (EUR 25.5 billion), or 43% of the total funding programme.
- The Bank's issuance in USD benefited from strong demand at very attractive funding levels, made substantially more attractive for EIB by favourable USD/EUR basis swap rates. Therefore, the borrowing programme was implemented with an eye to maximizing the contribution of the USD, in particular relative to the other core currencies (EUR, GBP), as it was favoured by better cost opportunities in 2008, notably for benchmarks.
- The Bank upsized its 3-year benchmark issues to USD 4 billion, executing all five benchmarks in this maturity segment in such size.
- Structured issuance and other tailor-made transactions also reached solid volumes in 2008, at USD 3.8 billion (pure USD transactions, excluding synthetic currency issuance). Demand was particularly good for various callable structures as well as short-dated plain vanilla private placements.

Strong diversification: Issuance in 19 other currencies

- Outside the three core currencies 113 transactions were finalised in 19 currencies in 2008, raising EUR 8.3 billion, or 14% of the total programme for the year.
- In **Swiss francs** (CHF), the Bank capitalised on its long standing presence in the Swiss domestic market. The Bank issued a total of CHF 1.9 billion (EUR 1.2 billion). The issuance was mainly achieved through taps of existing bonds (maturities 2015 and 2019) and the Bank was also able to bring new transactions at 1-year, 2-year, 3-year and 10-year tenors.
- The volume of issuance in the **Nordic region** totalled EUR 1 billion. In Swedish krona (SEK), the Bank raised a total of SEK 4.1 billion (EUR 435 million). The Bank expanded its SEK yield curve with a new 3-year fixed rate issue, matching the tenor of a government bond. In NOK, the Bank launched two new bonds matching the tenor of government bonds (May 2013 and May 2017).
- In **new and future Member States and EU neighbouring country currencies**, volumes amounted to EUR 1.1 billion equivalent, raised via 33 transactions. Turkish lira (TRY) represented the bulk of the volume. Other issuance currencies were Bulgarian leva (BGN), Hungarian forint (HUF), Russian rouble (RUB), Czech krona (CZK) and Slovakian krona (SKK).
- In **Japan and Asia/Pacific currencies**, the Bank continued to have an important presence. The Bank's fourth largest currency was the Australian dollar, accounting for AUD 3.4 billion (EUR 2.3 billion). For the second year in a row, the Bank has been the largest Kangaroo issuer (foreign issuer in AUD). The public JPY issuance, supported by international demand from Europe and the US, was brisk particularly in the first half of the year. In 2008, the Bank raised a total of JPY 223 billion (EUR 1.4 billion) and it was again the largest international issuer of JPY Global paper. The Bank also made its first issue in Philippine peso (PHP), in synthetic format, as well as an Indonesian rupiah (IDR) synthetic issue.
- In **Americas (ex-US)**, the Bank issued the market's first ever Brazilian Real (BRL) Global benchmark bond.
- In **Africa**, the Bank launched 13 transactions in two African currencies for a total of EUR 364 million equivalent. The Bank remained a leading issuer in the South African rand (ZAR) eurobond market where it issued EUR 336 million equivalent. The Bank also issued for the first time in Zambian kwacha (ZMK) (EUR 28 million), which further expanded the Bank's repertoire of African funding currencies to seven. Issuance was in synthetic format, with payment and settlement in USD.

Progress in Developing Capital Markets

- There was progress in contributing to the development of capital markets in new / future EU Member States and in EU partner countries in Africa. Such activities also provide a platform for potential future lending by the Bank in local currency, where benefits include the removal of exchange rate risk for loan customers.
- In EU Partner and Neighbouring Countries the Bank extended the yield curve in Russian rouble and Turkish lira, offering investors the longest available maturities in the fixed rate Eurobond market, and issued its first bond in Zambian kwacha. This Bank's synthetic Zambian kwacha (ZMK) bond was the first ZMK issue by a foreign issuer and the first in the international market.

For further information on the EIB, visit its website www.eib.org.

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