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Press release

The Bank promoting European objectives

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EIB renewable energy loans top EUR 2 billion in 2007

The European Investment Bank quadrupled its support last year for clean energy sources, signing loans of more than EUR 2 billion for renewable energy projects both inside and outside the European Union.

The figure capped an exceptional year for the EIB, in which it met, and in some cases exceeded, ambitious lending goals in support of EU policy priorities. **Total loans** signed in 2007 came to EUR 47.8 billion compared with EUR 45.6 billion in 2006.

Loans of just over EUR 41 billion were signed for projects within the EU, with the rest committed under the specific mandates granted by the European Council for EIB activities in other regions. In Turkey, the Western Balkans and the Mediterranean rim, the EIB remains the most active international financial institution.

To support this lending, the EIB raised nearly EUR 55 billion on the international capital markets – significantly higher than the EUR 48 billion raised in 2006 – through 236 **bond issues** in 23 currencies.

As it enters its 50th year, the European Investment Bank remains one of the largest capital market issuers, and its ability to tap those markets has held up strongly in the face of financial turbulence since mid-2007. Investors have been reassured by the EIB's prudent risk management policies and its first-class credit rating, underpinned by the Bank's sovereign shareholders.

“Energy Investment Bank”

The EIB's total loans in the energy sector rose to EUR 6.8 billion last year from EUR 3.8 billion in 2006, reflecting the impetus generated by the Bank's new energy policy. Endorsed last June by its Board of Governors, the policy clarified and strengthened the EIB's role in working towards tough EU targets on energy use and supply.

Responding to the gravity of the challenge posed by climate change, EIB lending for renewable energy accounted for nearly one-third of the EIB's total lending in the energy sector in 2007, and more than half its funding for electricity generation. It covered not only proven technologies such as onshore wind, hydro- or geothermal power, but also those still under development, for example photovoltaic and solar thermal generation.

The EIB has made energy efficiency an integral part of all its lending decisions, and actively supports the market in carbon credits through three existing funds. It is currently working with four national and regional public banks to finalise the Post 2012 Carbon Fund, the first to underpin the market value of carbon credits due to be delivered after the Kyoto Protocol expires in 2012.

“With climate change still high on the EU policy agenda, it is fair to say that we will keep a special focus on energy in 2008,” President Maystadt said. *“Indeed, some people are already starting to say that ‘EIB’ stands for ‘Energy Investment Bank’.”*

Innovation and transport

The EIB also kept up its significant contribution to research and development in 2007, particularly through flexible new financing mechanisms such as the Risk Sharing Finance Facility (RSFF), set up in mid-2007 with the European Commission. By the end of last year a total of EUR 459 million had been lent under the RSFF for projects in engineering, biotechnology and particularly energy, including pioneering solar technology.

By sharing credit risk between the Commission and the EIB, the RSFF extends the Bank's ability to provide loans or guarantees to projects whose promoters have a lower-grade risk profile – a concrete example of the EIB's relatively new strategy of financing higher-risk operations where this is justified by its strategic objectives.

Building efficient transport links has long been a major priority for the EIB, and in 2007 the Bank signed loans of more than EUR 8 billion to help build these trans-European networks. Another innovative financing collaboration with the Commission, a loan guarantee instrument known as LGTT, was also set up last month to encourage more private sector investment in transport infrastructure.

At the same time, the EIB has reviewed its approach to transport lending to make sure that it takes full account of climate change. The new policy puts a clear emphasis on railways, ports and inland waterways, taking a more selective approach to projects involving roads and airports and requiring rigorous checks on their soundness.

Energy, innovation and transport networks were three of the EIB's six priority lending areas in 2007, the others being to support economic and social cohesion across the EU's 27 Member States (particularly in the poorest areas), encourage small and medium-sized businesses (SMEs) and protect the environment.

More than 160,000 **SMEs** benefited from EIB Group support in 2007, be it through the Bank's lines of credit or the venture capital and guarantees provided by the European Investment Fund. Through a consultation exercise with its banking partners, public authorities and SMEs themselves, the EIB Group is looking at ways in which it can boost this support still further.

The EIB also continues to reinforce its efforts to increase **transparency** and engage fully with civil society. Last year the Bank concluded its second formal public consultation exercise, on its anti-fraud policy. This followed an earlier consultation on the EIB's public disclosure policy, and momentum will be maintained in 2008 with a new public consultation on the Bank's environmental and social ground rules for lending. The Bank has also extended the scope of its Economic and Social Impact Assessments for lending outside the EU, and is endorsing and supporting the Extractive Industries Transparency Initiative.

For further information, kindly refer to the briefing notes available on this page:
<http://www.eib.org/about/events/annual-press-conference-2008.htm>

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