



**European Investment Bank**

# THE EIB GROUP CORPORATE OPERATIONAL PLAN 2011-2013

## **Important notices:**

The Corporate Operational Plan 2011-2013 was discussed and approved by the Board of Directors of the European Investment Bank at its meeting of 14 December 2010.

Attention is drawn to the fact that data provided on 2010 activity are estimates only which were made prior to the 2010 year-end. This document also contains other forward-looking statements such as projections of financial performance. Such statements and projections may, by their nature, prove to be inaccurate.

Data that are confidential and/or financially sensitive in nature have been removed from this publication.



## Message from the President

### Business Evolution

During 2008 and 2009 the Bank reacted rapidly to the changing business and political climate notably through a step-change in its lending activity, targeted recruitment and enhancements to its product offering and internal processes. In doing so, it took the necessary operational and organisational steps to contribute to EU economic recovery efforts.

In 2010, the operating environment of the Bank continued to evolve. We saw a drop in the demand for EIB loans from our largest corporate clients, as they benefited from improved market conditions and access to alternative sources of financing, but we also witnessed continued appetite for EIB lending from less highly rated counterparts. As a result the Bank changed its focus thereby ensuring its support for operations and regions where its added value was most significant.

Despite the reduction in total lending signatures in 2010, the relative number of operations and transactions increased as average loan sizes decreased.

### Planning for the period ahead

Looking ahead, a number of new challenges will have to be addressed. Pilot programmes will need to be developed and tested in support of the Europe 2020 strategy and the Bank intends to continue to reinforce its leadership in climate action. Demand for increased EIB support for EU external policy actions will need to be reconciled with the depletion of funds available for lending under several mandates (due to frontloading as an anti-crisis measure) and further requests for technical assistance and cooperation will need to be considered. Meanwhile, the development of new instruments and operations will have to be balanced with the constraints of existing operations as the high level of activity of recent years impacts post-signature requirements, notably loans monitoring and restructuring.

### The Corporate Operational Plan (COP) 2011-2013

The COP 2011-2013 explains how we intend to meet these challenges in the context of our priority lending objectives whilst preserving our AAA rating. The COP reflects a gradual return to the Bank's lending activity levels observed prior to the crisis in 2007 and a drive to maximise the impact of EIB lending on EU policy goals.

It requires choices to be made, in particular between activities within and outside the European Union as well as flexibility and responsiveness in the use of traditional lending products and higher value-added, higher risk activities.

**Philippe Maystadt, President**

**28 October 2010**



## Introduction

### Strategic Framework for the Corporate Operational Plan

The strategic framework for the COP 2011-2013 was deliberated by the Board of Directors in July 2010. It highlighted that the Bank's future lending activity, its volume, risk profile and value added must be defined and balanced in line with the Bank's risk bearing capacity.

Against this background, the Board reinforced the Bank's commitment to loan monitoring and risk management, corporate governance, internal processes and identified the Bank's contribution to the Europe 2020 strategy, Climate Action, the EU External Policy and the use of Joint Actions as key influences on the Bank's future objectives.

### Our Plan for 2011-2013

The EIB Group operates a rolling three-year Corporate Operational Plan (COP), reviewed and updated on an annual basis. The COP 2011-2013 includes target indicators of performance and summarises the major priorities and activities to deliver the Group's strategy for the next three years. A particular focus is given to the activities for 2011 although attention is being paid to preparing the Bank to be aligned with the next EU programming period which will start in 2014.

Lending activity and the nature of the activity must be defined within the constraints of the Bank's risk-bearing capacity and thus the COP 2011-2013 reflects a gradual return to pre-crisis lending levels with a focus on resource management to maximise the impact of value-added EIB activities.

Administrative budgets for 2011 are also provided.

### Our Mission Statement

As the Bank of the European Union, the EIB Group uses its special expertise and resources to make a difference to the future of Europe and its partners by supporting sound investments which further EU policy goals.

### Our Vision

We support smart, sustainable and inclusive growth and thereby make a tangible contribution to development in Europe and beyond.

### Our Priority Lending Objectives

The EIB's overriding priority strategic objectives for lending in the EU and Pre-Accession (Candidate and Potential Candidate) Countries reflect EU policy objectives. The Bank shall continue to pursue these priority objectives giving due consideration to country specific needs and circumstances. The priority objectives focus on six specific areas:

- Economic and Social Cohesion and Convergence;
- Implementation of the Knowledge Economy;
- Development of Trans-European Networks (TENs);
- Protecting and Improving the Environment and Promoting Sustainable Communities;
- Support for SMEs; and
- Supporting Sustainable, Competitive and Secure Energy.

In line with the External Mandate and the revised Cotonou Partnership Agreement, the lending objectives for regions outside the EU in which the Bank operates are private sector development, financial sector development, infrastructure development, security of energy supply, environmental sustainability and support of EU presence. Activities in Pre-Accession countries support both EU priority lending objectives and the objectives of the External Mandate.

### Key Performance Indicators

The key performance and other significant indicators have been rationalised and modified into a more limited collection of performance and monitoring indicators in line with the key areas of focus for the Bank to achieve the above-mentioned objectives.

### Process of Continuous Review

Progress against plan is reviewed continuously throughout the year. Continuous review is of particular importance during this period of persistent market turbulence and uncertainty and as such it is anticipated that the 2011 Mid-Year Review of the Bank's operational results and activity will be presented to the Board of Directors in June 2011. The Mid-Year Review would report on the achievements made to end April 2011 and allow the Board of Directors the opportunity to revise the operational activity of the Bank to meet developing market requirements and, if appropriate, adapt the 2011 targets.



# CORPORATE OPERATIONAL PLAN 2011-2013

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## 1. Decisions of the Board of Directors

The Board of Directors approved, subject where appropriate to the decision of the Board of Governors, the following aspects of the lending activity of the EIB over the COP horizon;

- i. To target **total average signatures** volumes of EUR 57.8bn per annum (EUR 62.5bn for 2011) and higher risk operations (Special Activities<sup>1</sup>) signatures of EUR 6bn per annum (EUR 6bn for 2011).
- ii. To increase the headroom of the **Risk Capital Mandate (RCM)** in line with the EIF COP 2011-2013 and Group expectations. This is an increase in the total value of venture capital operations allowable to be undertaken by the EIF on behalf of the EIB.
- iii. To increase the **Pre-Accession Facility (PAF)** by EUR 5.7bn over the 3-year period and to widen the credit risk acceptability criteria of operations in sub-investment grade sovereign lending. Please see §316-§318 for further details
- iv. To increase the **Energy Sustainability Facility (ESF)** by EUR 0.5bn per annum and to expand the eligibility criteria giving consideration to the scope of the Climate Action performance indicator. Please see §319 for further details

The Board of Directors also approved the following associated items underlying the COP 2011-2013;

- I. selection of **performance indicators** and **monitoring indicators** for the COP 2011-2013 as depicted in [Annex 2](#) and associated targets and orientations;
- II. granting a **global borrowing authorisation** on an annual basis as follows;
  - (a) to grant a global borrowing authorisation for 2011 of up to EUR 75bn
  - (b) authorise associated treasury and derivatives activities in accordance with Article 18 of the Rules of Procedure.
- III. expenses and revenues of the **2011 Administrative Budget** and the **Capital Budget** for 2011. Please see [section 5: Budgetary and Financial Planning 2011](#) for further details.
- IV. principle of making relevant additional staff and other resources available during 2011 for new initiatives and managing signed transactions which may be formalised during 2011 on the basis that the Board will have approved these initiatives and will have been informed of the impact on the 2011 budget and cost recovery accordingly.
- V. delegation of the in-year decisions regarding staff and administrative expense budgets relating to existing partnership agreements to the Management Committee provided that the budgetary framework of these partnerships approved by the Board is complied with (as granted in the COP 2010-2012).

The Annexes were provided for information purposes

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<sup>1</sup> lower graded loans and structured finance facility products

## 2. Review of Operating Environment and Progress in 2010

### Introduction

As the financial and economic crisis began to unfold in 2008, the Bank quickly adapted its business approach to drive extraordinary levels of lending activity in an effort to alleviate market difficulties in accessing credit. The Board of Governors and the Board of Directors endorsed the view that the Bank should offset the contraction of credit and support economic activity through the increased financing of investment. Hence 2009 saw total signatures rise significantly to EUR 79bn (65% above 2007 pre-crisis levels) and correspondingly disbursements also rose to EUR 54bn (25% above 2007 pre-crisis levels).

As the crisis persisted, sector funding requirements evolved prompting the Bank to take proactive steps in reassessing the utilisation of EIB financing to maximise its contribution towards the EU economic recovery efforts. A key contribution to meet market gaps and requirements was identified through the use of lower graded loans and structured finance facility products (Special Activities). As a result, in May 2010 the Bank significantly increased its upper ceiling of Special Activity signature volumes for 2010 from EUR 4.9bn to EUR 8bn.

### Financial and Economic Environment

Economic recovery in Europe, although slow, has proceeded at a somewhat stronger pace than expected. While consumption demand remains weak, growth has been aided by an export recovery, which is in turn largely driven by strong growth in developing and emerging economies. The distribution of the economic recovery across EU countries is however highly uneven. Some countries benefit more from exports to emerging markets, while others remain weighed down by their excessive stocks of public, financial sector and household debt. Together with the uncertain consequences of eventually phasing out fiscal and monetary stimulus, these factors continue to elevate the downside risks to the economic outlook.

### Impact of the Crisis on Lending and Funding Activities of the EIB

The Bank maintains an efficient and reliable corporate governance environment designed to protect its assets, to ensure the continued ability of the Bank to meet its objectives, to protect its AAA rating and its status as a prime issuer on the capital markets. Indeed in defining its risk bearing capacity, the Bank has adopted a set of credit risk indicators that include minimum capital requirement stress tests, credit quality distribution of its portfolio and new loans (stock and flow), risk concentration and evolution of the Watch List.

In current and future lending periods, decisions in regard to lending volume and risk ceiling will continue to be considered in the context of the Bank's long term financial sustainability and credit risk framework.

### Impact of the Crisis on Subscribed Capital

The current level of subscribed capital is capable of supporting the proposed levels of lending activity with no need for a further capital increase until beyond 2015.

### 3. 2011-2013 Lending Activity Approach

#### The Need for Growth Stimulation in Europe

The decline in domestic and foreign demand in the wake of the financial crisis resulted in low capacity utilisation in the European economy. Although above expectations, the relatively slow recovery in the wake of an unusually deep downturn implies that actual output remains some 4-5% below potential in the euro area. This raises the need for continued policy stimulus to boost growth in the near term, although the room for additional fiscal measures is diminishing rapidly. There is also a great need for policies aiming at higher medium term growth, which would be the most effective remedy against excessive debt stocks and the fiscal costs of ageing populations. This calls for structural policies and investments that can help foster higher employment rates and productivity growth in the EU.

#### Greatest Impact

Good practice necessitates that the Bank continually seeks to focus Bank financing on projects and activities, within the priority objectives, that are likely to have the greatest impact on the furthering of EU Policy goals.

Demand for traditional EIB lending operations to the Bank's large corporate and banking counterparts, in the EU and Pre-Accession countries, is expected to continue to weaken in the highest rating classes as the access to alternative funding sources for these clients recovers.

Operations emanating from a long-standing solid client base will however remain important due to their significance in balancing the overall risk in the Bank's lending portfolio but also due to their significant contribution to cost-coverage, financial self-sustainability and strengthening of project expertise within the Bank. Nevertheless certain market gaps remain unaddressed for important sectors such as SMEs and Mid-Caps, and in certain markets such as project finance and in segments such as high-growth innovative companies and it is here, through the use of SFF/RSFF/LGTT ("Special Activities") that the Bank is likely to have a significant impact.

Within the Neighbourhood and Partnership countries, reduced capital flows and increased lending risk continue to lead to a tightening of credit conditions and reduced access to credit in the region. The contraction of available sources of funding, especially to infrastructure projects that are highly dependent on long-term financing, creates demand for EIB lending operations.

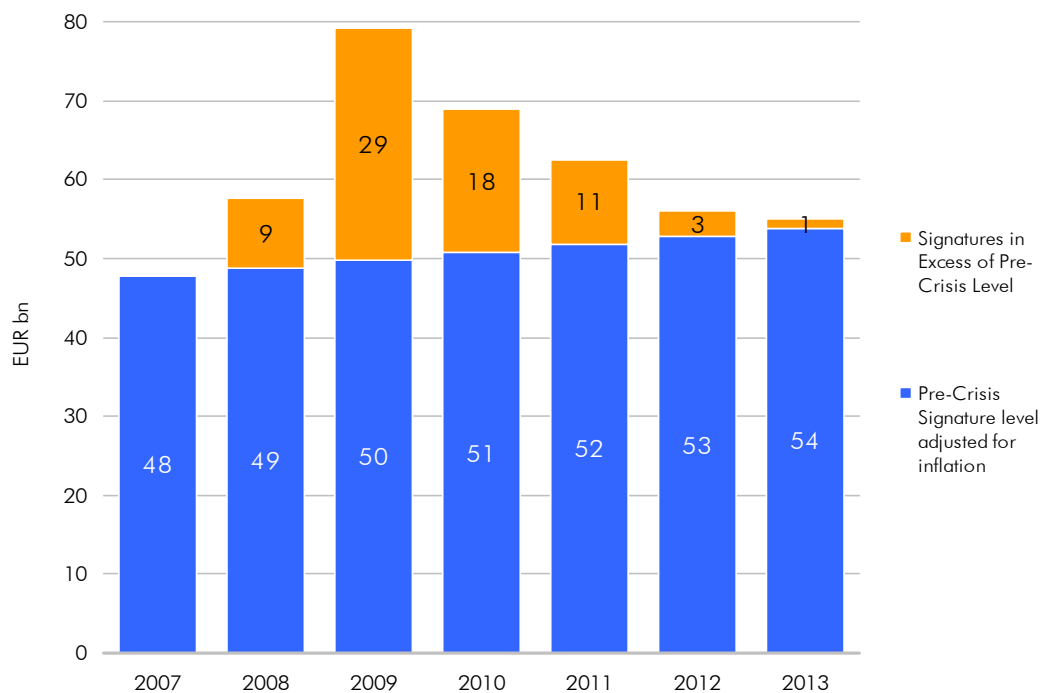
#### Risk-Bearing Capacity - Balance of Lending Volumes with Special Activities

The Bank will adopt an approach to maximise the impact of EIB financing on the economic recovery by balancing the requirement for higher risk operations with the limits of its risk bearing capacity. Accordingly, for the purposes of operational planning, ceilings for overall lending and Special Activities will be determined based on the Bank's internally determined risk framework.

The methodology used to determine operational targets and orientations takes into account the Bank's target external AAA rating, long-term nature of its lending business, and the granularity of its portfolio. In accordance with Basel II recommendations, stress testing procedures are periodically undertaken and the risk framework is amended and updated accordingly.

Lending activity and the nature of the activity must be defined within the constraints of the Bank's risk-bearing capacity thus, in line with the COP 2010-2012, proposed lending activity levels continue to decrease from the surge in 2009 to reflect a gradual return to pre-crisis lending levels to be undertaken within the Bank's current stringent internal risk framework. The current level of prescribed capital is capable of supporting the proposed lending levels with no recourse to Member States for capital increase within the COP period.

## Signature Activity - Return towards Pre-Crisis Lending Levels



## Signature Activity –Regional Distribution

(EUR bn)	2009 Actual	2010 Forecast	2011	2012	2013	3yr Avg
<b>Total lending by risk</b>						
Activity undertaken at EIB own risk	74.2	64.0	58.1	53.0	52.0	54.3
Activity covered by comprehensive guarantee (Mandate)	4.9	4.9	4.5	3.0	3.0	3.5
<b>Total EIB Lending</b>	<b>79.1</b>	<b>68.9</b>	<b>62.5</b>	<b>56.0</b>	<b>55.0</b>	<b>57.8</b>
<b>Total lending by region</b>						
Activity in EU & Pre-Accession countries	74.8	63.5	57.5	50.6	49.6	52.6
Activity in Neighbourhood & Partnership countries	4.3	5.4	5.1	5.4	5.4	5.3
<b>Total EIB Lending</b>	<b>79.1</b>	<b>68.9</b>	<b>62.5</b>	<b>56.0</b>	<b>55.0</b>	<b>57.8</b>
<b>Special Activity</b>						
Special Activity - EU & Pre-Accession	5.8	5.5	5.4	5.4	5.4	5.4
Special Activity - Neighbourhood & Partnership	-	0.7	0.6	0.6	0.6	0.6
<b>Total Special Activity</b>	<b>5.8</b>	<b>6.2</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>

In order to revive the capital market activity for project bonds the Bank is in early discussions with the EC regarding a potential 'credit enhancement' scheme whereby the EC could potentially take first loss position on a portfolio of selected transactions carried out by the EIB. This would allow further Special Activities to be pursued. There will be necessary conditions on the Special Activities which may be undertaken under such 'credit enhancement' and therefore it is likely to take some time to develop a full project pipeline. This measure would allow the Bank to maintain the level of Special Activity at a level in line with market expectations.

### Lending and Disbursement Orientation in EU and Pre-Accession Countries

Underlying the pursuit of the six traditional priority objectives, the Bank will continue to focus activities on areas identified as needing most attention to support the economic recovery and will prepare to pilot new activities and products which it has started to investigate in support of the Europe 2020 priorities of Smart, Sustainable and Inclusive Growth (see Annex 1). In particular, the Bank is considering ways of extending the reach of its own and EC funds through increased leveraging, guarantees, risk-sharing, the blending of grants and financing instruments in addition to technical assistance and other structures. A number of such new products are already being piloted. Following the mid-term review of RSFF, and subject to EC contribution and the EIB Risk Policy sub-committee, the Bank will seek an enhanced development of RSFF to allow an expansion in scope and use.

In addition, the Bank will continue to reinforce its focus on climate action. The EIB supports the fight against climate change, aligning its activities with EU climate change policy, providing finance and technical assistance to low-carbon, climate-resilient projects in EU and in countries outside the EU and in particular supporting the achievement of the EU Greenhouse Gases (GHG) emission reduction targets. A detailed list of additional joint instruments, with the EC, is under review in an effort to capitalise on existing experience and to respond to unaddressed demands in this area through new initiatives potentially grouped under a common platform. These will be further developed and gradually implemented during 2011. Climate action safeguards will continue to be incorporated within the Bank's project cycle notably with regard to mitigation and adaptation.

By adopting geographic and sector differentiated lending approaches, the Bank also aims to mirror a scenario of gradual recovery and return to growth for Europe. Subject to continued competitiveness of the Bank's lending rates, lending conditions and, more generally, the Bank's ability to add financial value to projects, the extraordinary increase in signed loans in 2008-2010 is expected to support growth in disbursements levels notably in 2011-2012.

### Lending and Disbursement Orientation in Neighbourhood and Partnership Countries

The Bank is closely following the Mid-Term Review of the 2007-2013 External Mandate and will fine-tune its planned activities in Neighbourhood and Partner Countries accordingly, subject to the forthcoming co-decision by the European Parliament and Council. The Council's general orientation on revising the External Mandate was approved by the ECOFIN Council on 8 June 2010 and submitted to the Parliament. It is proposed to release the optional EUR 2bn tranche foreseen under the Mandate and dedicate it to the financing of Climate Action.

In parallel, a mid-term evaluation steered by the EC of the Bank's activities under the Cotonou Partnership Agreement is taking place which will lead to recommendations on future financing orientations in the ACP States. The Bank will strengthen its cooperation with the EC and with other financing institutions. Experience under the Mutual Reliance Initiative with Agence Française de Développement (AFD) and Kreditanstalt für Wiederaufbau (KfW) will be fine-tuned and consolidated at the end of the current pilot phase in June 2011 although it is too early to anticipate the potential impact of these initiatives on the level of future resources and financing activities. Emphasis will be placed on projects where it is felt that the Bank can play a significant role and where cooperation and/or synergies with the EC and other financing Institutions can be exploited. More generally, the Bank supports the proposal to harmonise and streamline its mandates outside the EU in line with one of the key recommendations by the Steering Committee of Wise Persons that conducted the Mid-Term Review.

Through the Facility for Euro-Mediterranean Investment and Partnership (FEMIP), the Bank will continue to provide private equity and technical assistance in Mediterranean partner countries. With the involvement of the EIB Risk Policy sub-committee, deployment of new instruments will be pursued, notably through the provision of guarantees. The Bank may also consider the provision of guarantees to Eastern Neighbourhood and ACP Countries.

### Pre-Accession Mandate (PAM) and Pre-Accession Facility (PAF)

The EIB remains fully committed to its support to the economic development and accession process of Candidate and Potential Candidate countries, however the current perspective for the Bank's activities in these regions is impacted by two key developments. Firstly, the Bank front-loaded the implementation of its external mandates and own-risk facilities in response to requests from the Council to increase support during the financial crisis. As a result, remaining resources available for external financing are insufficient to sustain activity at even pre-crisis levels, particularly in the Pre-Accession Countries, until 2013. Secondly, the limited scope for additional higher risk EIB lending, in particular under Special Activities, requires appropriate prioritisation to be undertaken of financing volumes in Member States and in different regions of non-EU countries of operation.

Under the current rate of utilisation the Pre-Accession Mandate (PAM) and Facility (PAF) will be exhausted by mid-2011. In the absence of any mitigating action, the projected signature activity under current utilisation rates would be as follows;

(EUR m)	2010 Target	2010 Forecast	2011	2012	2013	3yr Total
EU Member States & EFTA	57,000	59,900	54,270	51,080	51,620	156,970
Pre-Accession countries	3,550	3,600	3,200	500	-	3,700
Total - EU & Pre-Accession	60,550	63,500	57,470	51,580	51,620	160,670

Achievement of the lending Signature targets and orientations, as reflected in proposed lending targets as depicted in Section 4, are therefore only possible with the approved increase of the PAF of EUR 5.7bn over the COP horizon would allow the Bank to meet project signature orientations of EUR 5.2bn, as outlined below, and to maintain a buffer to smooth the transition of activities at the end of the COP period into 2014;

(EUR m)	2010 Target	2010 Forecast	2011	2012	2013	3yr Total
EU Member States & EFTA	57,000	59,900	54,270	48,740	48,780	151,790
Pre-Accession countries	3,550	3,600	3,200	2,840	2,840	8,880
Total - EU & Pre-Accession	60,550	63,500	57,470	51,580	51,620	160,670
Increase in PAF	-	-	-	2,340	2,840	5,180

The credit risk acceptability criteria of the PAF will be widened for sub-investment grade sovereign lending although activity under the PAF will remain largely within the current risk profile for the facility.

### Energy Sustainability Facility (ESF)

Similarly shortfalls in resources are projected for activity in countries for energy sustainability and security of supply. To enable the continued financing of high priority Climate Action and energy security related projects the Board of Directors approved an increase in the Energy Sustainability Facility (ESF) of EUR 1.5bn (EUR 0.5bn per annum) from EUR 3.0bn to EUR 4.5bn. The additional financing under this facility will be undertaken in line with the current average risk profile of the facility. Through the amendment of the eligibility criteria, the scope of the ESF will be up-dated in line with the Bank's environmental and climate action objectives.

### European Investment Fund (EIF)

Risk Capital Mandate (RCM) – The Risk Capital Mandate (RCM) foresees venture capital operations undertaken by the EIF on behalf of the EIB and was covered by a dedicated EUR 2bn reserve originating from the Amsterdam Special Action Programme (ASAP). With the introduction of the new reserve framework in 2010 the RCM reserve is now included in the Bank's Special Activities Reserve. The allocation for the Special Activities Reserve, including venture capital requirements, is now made ex-post and hence there is no longer a requirement for an upfront one-off allocation of capital for undertaking venture capital business. RCM resources are committed in support of high value added venture capital operations in which EIF plays a catalytic role of additional funding for SMEs, particularly in early stage funds. Activity in this area is seen as a significant contribution to the achievement of one of the Bank's key priority objectives.

The RCM headroom is determined based on an internal agreement between the EIF and the EIB and stood at EUR 300m at the end of September 2010 (EUR 500m: end December 2009). The Board approved an increase of EUR 1bn (see below) in the investment capacity of RCM. This additional capacity will allow the EIF to fulfil its COP 2011-2013 objectives in supporting a weakened venture capital market and launching a series of pilot initiatives to prepare the EIB Group for its support of Europe 2020.

	EUR m	EUR m
RCM headroom - end September 2010		300
Additional business volume for 2010 (net of expected reflows)		( 100)
<b>Expected RCM headroom - end December 2010</b>		<b>200</b>
<b>Net total RCM fundings for 2011-2013</b>		<b>( 1,190)</b>
Gross RCM business volume for 2011-2013	( 1,590)	
Reflow expected for 2011-2013 (based on conservative scenario)	400	
<b>Therefore new resource requirement for 2011-2013</b>		<b>( 990)</b>

The additional EUR 1bn will create a self-sustaining total revolving RCM fund of EUR 5bn and shall be utilised to increase EIB support of addressing clear market gaps in the funding of early stage, technology driven SMEs and to catalyse significant additional private sector investment. It is considered that this additional headroom will be sufficient to meet all anticipated venture capital activity over the long term.

#### Joint Actions

Joint Actions is now a key feature of the Bank's activity in a number of areas. JASPERS will continue to support the preparation of major project applications in EU-12 and with the successful launch of European Local Energy Assistance Facility (ELENA) the Bank will look to work with the EC and the EIB's promoters to reinforce a strong pipeline of investments in urban energy efficiency and renewable energy. Moreover the EIB seeks to reinforce cooperation with the EC. EPEC will continue to deliver value-added advisory services and products to its members. The EIB continues to act as a Holding Fund manager selecting and investing in Urban Development Funds (UDFs) which in turn invest in sustainable urban projects. The JESSICA Task Force continues to advise national and regional authorities, providing assistance in regard to the possible set-up of financial engineering in European Regional Development Fund resources in the urban environment. The Bank will also step-up its collaboration with financing institutions operating in Mediterranean and Eastern partner countries, notably through its active participation in the Neighbourhood Investment Facility (NIF).

Through its participation in the New Entrance Reserve (NER), on behalf of the EC, the Bank will play a key role in the deployment of a new EU financing instrument designed to subsidise innovative renewable energy technology and carbon capture and storage. The Marguerite Fund joint action teams with other core investors to invest equity in projects implemented the three priority areas TEN-Transport (TEN-T), TEN-Energy (TEN-E) and renewable energy. Close cooperation with other European Development Financial Institutions and international donors will continue through the EU-Africa Infrastructure Trust Fund and the European Financing Partners Consortium. The EIB participation in the African Financing Partnership initiative will strengthen the cooperation and coordination with peer institutions active in the region for the coming years.

#### Technical Assistance (TA) and Value-Added

Needs and opportunities for new TA programmes and partnerships will continue to be explored, through the use of the Bank's own funds and/or funds from other sources such as the EC, as a high value-added complement to core lending activity. In addition, the Bank may contribute to EU efforts for economic stabilisation in countries particularly affected by the current crisis.

In 2011 the Bank will review existing cooperation schemes in place with third parties for TA activities subject to agreements on cost-recovery and adapting the required procedures and workforce. 2011 may also see some further improvements made to the new Value Added methodology based on experience gained in 2010.

### Funding Orientations and Treasury

Against a background of continued market volatility and uncertainty, affecting the Eurozone in particular, the liquid assets of the EIB will continue to be managed in a prudent manner. Liquidity levels will be kept under close scrutiny to meet present and future requirements. Further diversification of funding sources and instruments will be sought to allow the Bank maximum flexibility in the management of its long term funding program. Approval for a global borrowing authorisation of EUR75bn is sought for 2011. This authorisation level would serve as a sufficient ceiling to meet expected disbursements and target year-end liquidity ratios in line with the prescribed limits of the Financial Risk and ALM Policy Guidelines of 25%-40%.

	Unit	2008 Actual	2009 Actual	2010 Actual	2011	Orientations	
						2012	2013
Global Borrowing Authorisation	EUR bn	60	80	80	75	75	75

### Risk Management and Corporate Governance

The Bank will seek to complete the enhancement of, and further focus on, the Bank's Loan Monitoring activities for operations in the EU and Pre-Accession countries within the new Transaction Management & Restructuring (TMR) directorate. In line with good practice, transaction origination and follow-up will be further separated and a regular coverage of the Bank's key EU counterparts will be established. In addition, TMR will handle distressed transactions arising Bank-wide. Loan monitoring in Neighbourhood and Partner countries, applying the same general principles and methodology as TMR, will be centralised within a dedicated unit with expertise specific to the operating environment and types of projects in these regions.

Following revision of the reserves framework the Bank created, in December 2009, a General Loan Reserve and a Special Activities Reserve to account for the expected losses in the risk portfolio and capital requirements of higher risk activities respectively. Such reserves reinforce the existing credit risk framework by providing buffers against potential losses on the loan portfolio, in line with best banking practice.

### Human Resource Management

The Bank ended 2010 with 1,866 members of full-time and part-time staff. In addition, the Bank is expected to begin 2011 with 30 local agents in place, under local employment contracts, within various external offices outside the EU. Redeployment of staff together with a targeted staff recruitment programme for 2011-2013 is expected to ensure the key priorities and the obligations under joint action/partnership agreements can be delivered. In particular there will also be a focus on ensuring the resource requirements for financial monitoring activity are in line with the growth in volume, complexity and evolution of the outstanding loan portfolio.

### Corporate Responsibility and External Communications

The expanding role of the EIB continues to attract increased public interest and scrutiny from Civil Society Organisations (CSOs). The Bank will build on existing Social Assessment Guidelines to formalise and disclose policy and guidance to ensure appropriate engagement of CSOs at project level for highly sensitive projects. The Bank will seek to establish communication tools aimed at informing counterparts of the Bank and promoter obligations in regard to transparency and the environmental, social and ethical aspects of projects.



## 4. Performance Indicators and Targets

### Revision of Performance Indicators

The changes in the Bank's internal and external environment triggered a review of the performance indicators in the COP, which have remained broadly unchanged since 2005. The key and other significant indicators have been rationalised from 34 in total to 20 performance indicators (PIs) and modified where necessary. The performance indicators were chosen to focus attention on the objectives and processes the Bank deems most critical. Those related to lending activities are summarised below and a full set of indicators is given in [Annex 2](#).

Achievement of certain performance indicators will remain a significant component of the mechanism used to determine the allocation of the performance related pay envelope.

### Monitoring Indicators

The Bank also maintains 11 Monitoring Indicators as part of the Bank's overall governance framework. Specific targets are not set for Monitoring Indicators instead operational ranges are given for guideline purposes. Please see [Annex 2](#) for further details.

### Lending related Performance Indicator Table

Ref	Indicator	Unit	2008 Achieved	2009 Achieved	2010 Target	2010 Forecast	2011 Target	Orientations		2011-2013 Average
								2012	2013	
10	<b>Total Disbursements</b>	EUR bn	48.6	54.0	53.6	53.2	58.6	56.4	55.3	56.7
11	- EU & Pre-Accession Countries	EUR bn	46.8	51.2	50.0	50.0	54.8	52.1	50.3	52.4
12	- Neighbourhood & Partnership Countries	EUR bn	1.8	2.8	3.6	3.2	3.8	4.3	5.0	4.4
	<b>Total Signatures: lending and other operations</b>	EUR bn	57.6	79.1	66.0	68.9	62.5	56.0	55.0	57.8
1	- EU & Pre-Accession Countries	EUR bn	54.9	74.8	60.6	63.5	57.5	50.6	49.6	52.6
8	- Neighbourhood & Partnership Countries	EUR bn	2.7	4.3	5.5	5.4	5.1	5.4	5.4	5.3
9	Projects that specifically contribute to <b>Climate Action</b>	%	n/a	n/a	20%	20%	22%	25%	25%	24%
16	<b>Net surplus</b> before provisions / Remuneration of <b>Own Funds</b>	%	108	126	n/a	141	150	155	161	155
17	Flow of <b>A to D+ graded loans</b> ratio	%	n/a	92	n/a	>85	>90	>90	>90	>90

### Target Signatures for EU and Pre-Accession Countries by Priority Objective

Ref	EU and Pre-Accession Countries Priority Objective	Unit	2008 Achieved	2009 Achieved	2010 Target	2010 Forecast	2011 Target	Orientations		2011-2013 Average
								2012	2013	
2	<b>Convergence</b>	EUR bn	24.1	33.1	22.5	25.8	22.6	20.6	20.5	21.2
3	<b>Knowledge Economy</b>									
	- Total loans (EIB)	EUR bn	12.4	18.2	11.6	11.7	9.8	9.3	9.1	9.4
	- Total signatures - Equity (EIF)	EUR bn	0.4	0.7	0.8	1.0	1.3	1.3	1.4	1.3
4	<b>TENs</b> signatures (incl. Transport and Energy)	EUR bn	12.6	13.6	11.0	10.9	9.8	8.6	8.5	9.0
5	<b>Environmental Protection and Sustainable Communities</b>	EUR bn	19.5	23.7	15.6	15.6	15.3	14.1	14.2	14.5
6	<b>Small to Medium sized Enterprises (SMEs)</b>									
	a. Total loans in EU and Pre-Accession*	EUR bn	8.1	12.7	10.0	9.7	8.8	7.8	7.7	8.1
	b. Total Signatures - Guarantees (EIF)**	EUR bn	7.2	2.3	5.5	5.1	7.9	7.8	7.6	7.8
7	Supporting <b>Energy</b> Objective	EUR bn	8.9	13.7	13.6	12.7	10.8	9.5	9.3	9.9

\*activity prior to 2011 pertained to EU-27 only

\*\*guarantee figures reflect the leveraged figures, i.e. the multiplier effect on capital invested or the investment catalysed by EIF investment

### Lending Activity Limits

	Unit	2008 Actual	2009 Actual	2010 Limit	2010 Forecast	2011 Limit	Limit Orientations		2011-2013 Average
							2012	2013	
- SFF/RSFF/LGTT	EUR bn	4.2	5.8	8.0	6.2	6.0	6.0	6.0	6.0
of which EU & Pre-Accession		4.2	5.8	7.2	5.5	5.4	5.4	5.4	5.4
of which Neighbourhood & Partner		-	-	0.8	0.7	0.6	0.6	0.6	0.6

## 5. Budgetary and Financial Planning: 2011

### Administrative Budget for 2011

The Bank will continue to prioritise resource allocation to operational activities in a sustained effort to ensure that the strategic lending objectives of the Bank are realised both in terms of quality and quantity.

The budget for intermediation and administrative revenue for 2011 is EUR 806.8m. The changes in both volume and type of the Bank's anticipated activity as well as forecast interest rates have contributed to the increase in overall revenue budgets.

The 2011 budget approach towards expenditure is oriented in consideration of the business outlook as well as current economic and political circumstances. Hence additional posts or increases to the administrative expenses budget will only be driven by major new initiatives, such as strengthening monitoring activities, or to fulfil new or existing partnership conditions. The Bank has sought budget savings, through efficiency gains and delay of non-essential activities, to meet unavoidable increases in the 2011 base budget. In so doing the Bank is proposing 2.8% increase in the Total EIB Budget before the cost of new partnerships or expansion of existing partnerships.

### Staff Costs – Total EIB

The Total EIB Budget reflects a 6.6% increase in the 2011 Staff Cost base budget, before savings, which includes:

- i. a cumulative 2.8% increase for existing staff <sup>2</sup>.
- ii. salaries and related costs of new staff positions to be created in 2011
- iii. increased pension contributions as per the pension scheme reform

**Table 1: 2011 Total EIB Budget**

	2010 Budget	Net Annualisation of 2010 fixed costs and Efficiency Cost Savings	2011 Base Budget	% Change	New or Expansion of Existing Partnerships	2011 Total Budget	Total % change
<i>Figures in EUR M</i>	(a)		(b)	(c)=(b)/(a)	(d)		(f)
Intermediation and Administrative Revenues	691.2		803.2	16.2%	3.6	806.8	16.7%
Depreciation and Administrative costs	-504.8	-14.3	-519.2	2.8%	-12.8	-532.0	5.4%
Cost coverage - Total EIB	186.3		284.0			274.8	
Cost coverage - Total EIB (%)	137%		155%			152%	
Cost coverage - EIB Corporate (%)	1.5		1.7			1.6	
Cost coverage - ABU-IF (%)	83%		87%			87%	

### Joint Actions – Planned Cost Coverage

The Joint Actions budget (or 'expected cost-coverage') is computed based on an estimation of current and anticipated direct and absorbed costs associated with partnership activity undertaken primarily with the EC and also with other third party institutions.

The cumulative cost coverage for partnerships in 2008 and 2009 was 54%. Cost coverage is foreseen to improve notably (65% for 2010 and 69% for 2011) as the existing recent major partnerships such as RSFF, LGTT, JASPERS, JESSICA and EPEC are maturing. There will however be an impact, of approximately 1% in 2010 and 5% in 2011, due to the ramp-up costs for the new NER300 activities for which there are no anticipated associated revenues in this period. The NER300 initiative is however expected to be fully cost covering over its lifetime.

As noted in the last two COPs, the planned cost coverage of some such recent major partnerships is foreseen within the Contribution Agreements or contract terms to be less than 100% and as they grow in operational volume terms, so will their size relative to that of other partnerships.

<sup>2</sup> The inflation rate in Luxembourg for 2010 as per the Harmonised Consumer Price Index (HCPI) was 2.8%

The cost coverage is reported on an annual basis rather than in NPV terms primarily because the youth of some major related partnerships means (i) the potential for technical assistance to lead to associated lending activities, and thus intermediation revenues, for the Bank cannot be reasonably quantified and (ii) a strong project pipeline for some lending related partnerships is still being developed. It is acknowledged that the approach reflects the associated inherent mismatch in revenue and costs streams

For 2010 and 2011, the resource input to partnerships will be 21% and 23% respectively of the Bank's total expenses (2008: 16% and 2009: 21%).

#### EIB Capital budget

The EIB capital budget covers annual capital expenses and multi-annual investment projects. Non-staff expenses during the implementation phase are capitalised and amortised over a pre-specified period according to the type of expenditure. Therefore the impact of capital expenditure is translated through depreciation in the administrative budget (Table 1 above)

**Table 2: EIB Capital budget**

	2010		2011		2010 Closed projects Multi-annual Budget	2011 New Requests Multi-annual Budget
	Annual Budget	Multi-annual Budget	Annual Budget	Multi-annual Budget		
<i>Figures in EUR M</i>						
<b>Total Capital Expenditure</b>	37.8	72.1	39.2	79.0	20.1	27.0

The Capital Budget above does not include the multi-annual Integrated Strategic Information System (ISIS) project expenses which are included in the Total EIB Budget for the relevant year. The ISIS Programme, initiated in 2001, is due for completion in 2011 and is a multi-annual programme to renew the Bank's principal information systems. Anticipated actual expenditure (capital and project expenses) in 2010 of EUR 3.2m, from an initial budget of EUR 110.8m, would leave a balance of EUR 3.5m to cover expenditure in 2011 to complete the final phase of the project.

#### Net Surplus (before provisions including Corporate & Investment Facility)

In 2009, the Net Surplus of the Bank stood at a level of EUR 1,954m. The main components of such Net Surplus were the Remuneration of Own Funds (EUR 1.555m, 80% of Net Surplus) and the Contribution from Lending (EUR 651 m, 33% of Net Surplus)<sup>3</sup>. By the end of 2010 the Net Surplus should reach some EUR 2,100m.

	2009	2010	Orientation		
	Achieved	Forecast	2011	2012	2013
<i>Figures in EUR M</i>					
<b>Net surplus (before provisions)</b>	1,954	2,100	2,100	2,200	2,300
<i>of which Financial surplus</i>	2,248	2,400	2,500	2,500	2,600

<sup>3</sup> The two percentages add up to more than 100% because of the presence of negative components in the Net Surplus (Contribution from Venture Capital, Transformation Result, etc.).





ANNEXES



## Annex 1

## Current contribution of EIB Instruments to Europe 2020 Strategy

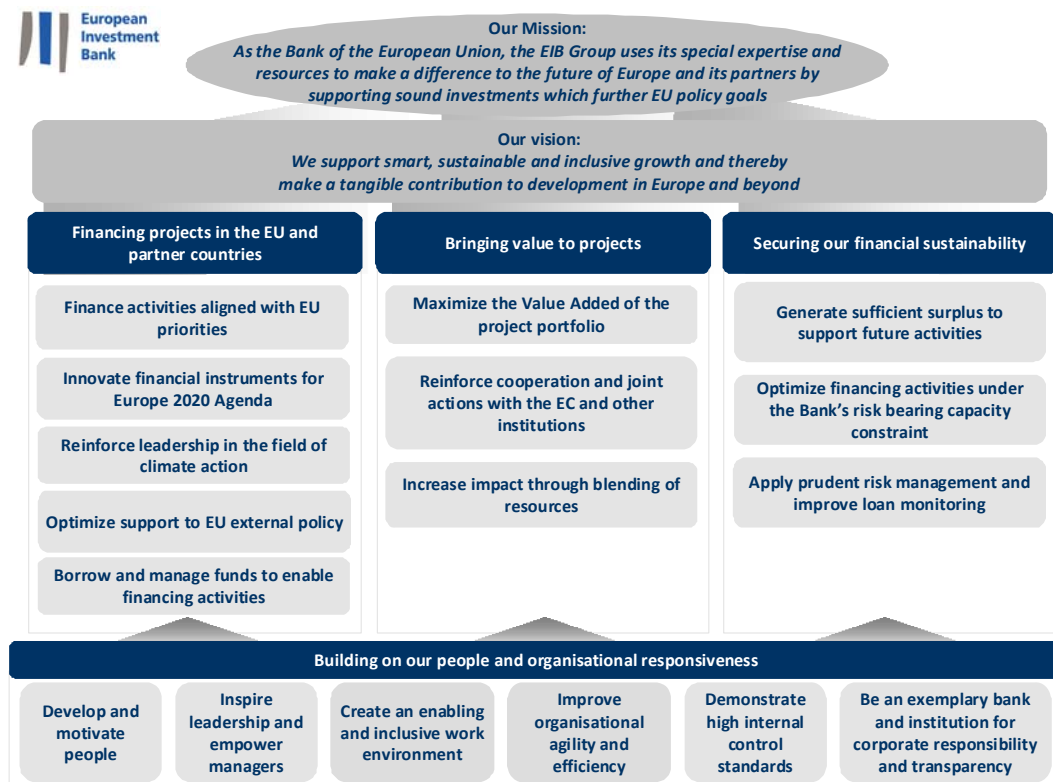
EUROPE 2020 Initiatives		Current EIB Instruments							
		(Senior) debt	Structured loans	Risk-sharing	Guarantees & securitization	Indirect equity	Venture capital	Technical assistance	Other Funds
Smart Growth	<i>Innovation Union</i>	<ul style="list-style-type: none"> <li>EIB individual loans for RDI</li> <li>Global loans / loans for SMEs covering RDI</li> </ul>	<ul style="list-style-type: none"> <li>Structured Finance facility</li> </ul>	<ul style="list-style-type: none"> <li>RSFF</li> </ul>	<ul style="list-style-type: none"> <li>EIF own risk SME Securitisation transaction</li> <li>EIF/CIP window</li> </ul>		<ul style="list-style-type: none"> <li>EIF own risk</li> <li>EIF CIP mandate</li> <li>RCM</li> </ul>		
	<i>Youth on the move</i>	<ul style="list-style-type: none"> <li>EIB individual loans targeted to student loans</li> </ul>							
	<i>Digital agenda for Europe</i>	<ul style="list-style-type: none"> <li>EIB individual loans</li> <li>Global loans/loans for SMEs covering RDI</li> </ul>	<ul style="list-style-type: none"> <li>Structured Finance facility</li> </ul>	<ul style="list-style-type: none"> <li>RSFF</li> </ul>	<ul style="list-style-type: none"> <li>EIF own risk SME Securitisation transaction</li> <li>EIF/CIP window</li> </ul>		<ul style="list-style-type: none"> <li>EIF own risk</li> <li>EIF CIP mandate</li> <li>RCM</li> </ul>		
Sustainable Growth	<i>Resource efficient Europe</i>	<ul style="list-style-type: none"> <li>EIB individual loans for transport, energy and climate change</li> <li>ECTF</li> <li>Global loans/loans for SMEs covering energy</li> <li>JESSICA</li> <li>KIDS fund</li> <li>MIF, MFF and EEFF</li> </ul>	<ul style="list-style-type: none"> <li>Structured Finance facility</li> </ul>	<ul style="list-style-type: none"> <li>ECTF (through the RSFF)</li> </ul>	<ul style="list-style-type: none"> <li>LGTT</li> <li>JESSICA</li> <li>Small and Medium Enterprises Finance Facility</li> </ul>	<ul style="list-style-type: none"> <li>JESSICA</li> <li>Infrastructure funds</li> <li>Marguerite</li> </ul>	<ul style="list-style-type: none"> <li>EIF own risk</li> <li>EIF CIP mandate</li> <li>RCM</li> </ul>	<ul style="list-style-type: none"> <li>ELENA</li> <li>EPEC</li> <li>JASPERS</li> <li>KIDS Fund</li> <li>Small and Medium Enterprises Finance Facility</li> </ul>	<ul style="list-style-type: none"> <li>Carbon credit funds</li> </ul>
	<i>An Industrial Policy for the globalisation era</i>	<ul style="list-style-type: none"> <li>EIB individual loans</li> <li>Global loans/loans for SMEs</li> <li>JEREMIE</li> </ul>	<ul style="list-style-type: none"> <li>Structured Finance facility</li> <li>Mezzanine/ subordinated debt</li> </ul>	<ul style="list-style-type: none"> <li>RSFF</li> </ul>	<ul style="list-style-type: none"> <li>EIF own risk SME Securitisation transactions</li> <li>EIF/CIP window</li> <li>JEREMIE</li> </ul>		<ul style="list-style-type: none"> <li>EIF own risk</li> <li>EIF CIP mandate</li> <li>RCM</li> <li>JEREMIE</li> </ul>		
Inclusive Growth	<i>An agenda for new skills and jobs</i>	<ul style="list-style-type: none"> <li>EIB individual loans for human capital (infrastructure and student loans and urban renewal</li> <li>Structured Programme Loans/ESF</li> <li>Global loans/loans for SMEs</li> </ul>			<ul style="list-style-type: none"> <li>JEREMIE</li> </ul>	<ul style="list-style-type: none"> <li>JESSICA</li> <li>JEREMIE</li> </ul>	<ul style="list-style-type: none"> <li>JASMINE</li> </ul>	<ul style="list-style-type: none"> <li>JASPERS</li> </ul>	
	<i>European platform against poverty</i>	<ul style="list-style-type: none"> <li>Progress</li> </ul>			<ul style="list-style-type: none"> <li>Progress</li> </ul>	<ul style="list-style-type: none"> <li>Progress</li> </ul>			

## Annex 2

### Performance and Monitoring Indicators

#### New Performance and Monitoring Indicators

1. In line with the revised vision “We support smart, sustainable and inclusive growth and thereby make a tangible contribution to development in Europe and beyond”, the Bank’s key activities and the challenges ahead have been crystallised into four strategic themes: (i) Financing projects in the EU and partner countries; (ii) Bringing value to projects; (iii) Securing our financial sustainability and (iv) Building on our people and organisational responsiveness. The EIB Strategy map below illustrates how each of the four strategic themes is supported by specific objectives.





## 1. Performance Indicators

Indicator	Unit	2009 target	2009 achieved	2010 target	2010 forecast	2011 Target	Orientation		2011-2013 Average
							2012	2013	
<b>Financing projects in the EU and partner countries</b>									
1 Signatures - EU and pre-accession countries	EUR Bn	61.4	74.8	60.6	63.5	57.5	50.6	49.6	53.6
2 for convergence and pre-accession countries	EUR Bn	22.0	33.1	22.5	25.8	22.6	20.6	20.5	21.6
3 for knowledge economy	EUR Bn	10.5	18.2	11.6	11.7	9.8	9.3	9.1	9.6
4 for TENs	EUR Bn	10.1	13.6	11.0	10.9	9.8	8.6	8.5	9.1
5 for Environmental protection and sustainable communities	EUR Bn	15.4	23.7	15.6	15.6	15.3	14.1	14.2	14.8
6 for SMEs	EUR Bn	8.0	12.7	10.0	9.7	8.8	7.8	7.7	8.3
7 for Energy*	EUR Bn	9.0	13.7	13.6	12.7	10.8	9.5	9.3	10.1
8 Signatures - Neighbourhood and Partner countries	EUR Bn	5.0	4.3	5.5	5.4	5.1	5.4	5.4	4.8
9 Climate Action financings signed as share of overall EIB lending	%	n/a	n/a	20%	20%	22%	25%	25%	24%
10 Total Disbursements	EUR Bn	54.0	54.0	53.6	53.2	58.6	56.4	55.3	56.7
11 EU and pre-accession countries	EUR Bn	51.2	51.2	50.0	50.0	54.8	52.1	50.3	53.4
12 Neighbourhood and Partner countries	EUR Bn	2.8	2.8	3.6	3.2	3.8	4.3	5.0	4.1
13 Borrowing volume	EUR Bn	80	79.4	80	67	75	75	75	75
14 Funding conditions vs external benchmarking	bps	n/a	-20	n/a	>0	>0	>0	>0	>0
15 Treasury contribution vs. internal transfer price	bps	10-30	76	10-30	10-30	10-30	n/a	n/a	n/a
<b>Securing our financial sustainability</b>									
16 Net Surplus before provisions/ Remuneration of Own Funds	%	n/a	126	n/a	141	150	155	161	155
17 Flow of A to D+ Graded Loans Ratio	%	n/a	92	n/a	>85	>85	>85	>85	>85
<b>Building on our people and organisational responsiveness</b>									
18 Cost/income ratio	%	19	16	16	13	14	14	14	14
19 Implementation of IG Agreed Action Plans and Recommendations - EIB Group	%	>60	74	>60%	>60%	>60%	>60%	>60%	>60%
20 Corporate Responsibility External Scoring	%	52	54	56	56	58	59	60	59

\*activity prior to 2011 pertained to EU-27 only

\*\*the measurement of the staff satisfaction performance indicator is currently in the process of being defined

## 2. Monitoring Indicators

Indicator	Unit	2009 Achieved	2010 Forecast	2011 Operational Range
<b>Financing projects in the EU and partner countries</b>				
1 Total investment cost of projects signed <sup>(1)</sup>	EUR m	240	198	150-250
<b>Bringing value to projects</b>				
2 Value added average score of all projects approved in EU and pre-accession countries	#	n/a	>120	120-140
a) Pillar 1: Contribution to EU objectives	#	n/a	>130	130-150
b) Pillar 2: Quality and soundness of projects	#	n/a	>100	100-200
c) Pillar 3: EIB contribution	%	100	>98	90-100
3 Value added average score of all projects approved in neighbourhood and partnership	%	97	>90	90-100
a) Pillar 1: Contribution to mandate objectives and priorities	%	99	>88	90-100
b) Pillar 2: Quality and soundness of projects	%	17	12-17	12-17
c) Pillar 3: EIB contribution	%	21	<20	<17
4 Share of projects approved by CA with TA identified in Pillar 3 <sup>(2)</sup>	%	n/a	18	18-22
<b>Securing our financial sustainability</b>				
5 Net Surplus before Provisions	EUR bn	1.95	2.10	2.00-2.30
6 Gearing Ratio (EIB)	%	162	174	180-205
Gearing Ratio (EIF)	%	96	95	90-100
7 General Loan Reserve Ratio	%	0.51	<0.75	0.50-0.75
8 Stock of A to D+ Graded Loans Ratio	%	96	>90	90-95
9 Special Activities Reserve allocation for EIB operations (excluding EIF mandate activities) / Special Activities signatures EIB operations (excluding EIF mandate activities)	%	17	12-17	12-17
10 Monitoring - Project Completion Reports pending promoter info	%	21	<20	<17
<b>Building on our people and organisational responsiveness</b>				
11 Women at SC-F function level	%	35	38	39-41

<sup>(1)</sup> operational range currently excludes investment costs of projects relating to SME's

<sup>(2)</sup> this measurement activity commenced in 2010

## Glossary of Terms

ABU	Autonomous Business Unit
ACP	African, Caribbean and Pacific States
AFD	Agence Française de Développement
ALA	Asia and Latin America
ALM	Asset/Liability Management
Candidate and Potential Candidate countries (CPC)	Candidate countries (Turkey, Croatia, Former Yugoslav Republic of Macedonia, FYROM, Iceland), and Potential Candidate countries (Albania, Bosnia and Herzegovina, Montenegro, Serbia and Kosovo (under UNSCR 1244)). (For the purposes of the Bank's reporting, the activities in EFTA countries are included within this category except if otherwise stated)
Council	Council of the European Union
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECTF	European Clean Transport Facility
EDFIs	European Development Finance Institutions
EEFF	Energy Efficiency Finance Facility
EFSF	European Financial Stability Facility
EFTA	European Free Trade Association
EFTA countries	Liechtenstein, Norway and Switzerland
ELENA	European Local Energy Assistance facility
EPEC	European PPP Expertise Centre
EPSILON	Euro public sector index linked to offered notes
ESIAF	Economic and Social Impact Assessment Framework
External Mandate	Decision 633/2009/EC of the European Parliament and of the Council of 13 July 2009 replacing the Council Decision 2006/1016/EC of 12 December 2006
FEMIP	Facility for Euro-Mediterranean Investment and Partnership
FYROM	Former Yugoslav Republic of Macedonia
IF	Investment Facility
IFI	International Financial Institution
IG	Inspectorate General
JASMINE	Joint Action to Support Micro-finance Institutions in Europe
JASPERS	Joint Assistance to Support Projects in European Regions
JEREMIE	Joint European Resources for Micro to Medium Enterprises
JESSICA	Joint European Support for Sustainable Investment in City Areas
KfW	Kreditanstalt für Wiederaufbau
KPI	Key Performance Indicator
LGTT	Loan Guarantee for TEN Transport
Liquidity Ratio	The Bank's year-end total liquidity ratio is defined as being the net treasury measured to the projected net cashflows for the following year
Mid-caps	Companies of a size and development stage between SMEs (according to the Community definition of less than 250 employees) and larger companies
MFF	Municipal Finance Facility
MIF	Municipal Infrastructure Facility
Neighbourhood and Partnership Countries	Neighbourhood and Partnership countries include Mediterranean countries (excluding Turkey), Eastern Europe, South Caucasus, Russia, ACP/OCT, RSA and ALA
NIF	Neighbourhood Investment Facility
NER 300	New Entrants Reserve
NFR	Net Funding Result
OCT	Overseas Countries and Territories
Pre-Accession Countries	Collective term for Candidate and Potential Candidate countries
RDI	Research, Development and Innovation
RSA	Republic of South Africa
RSFF	Risk Sharing Finance Facility
SA	Special Activities
SAR	Special Activities Reserve
SFF	Structured Finance Facility
SMEs	Small and Medium-sized Enterprises
TA	Technical Assistance
TEN	Trans-European Networks