



EIB Climate Awareness Bonds

As of 28 May 2018

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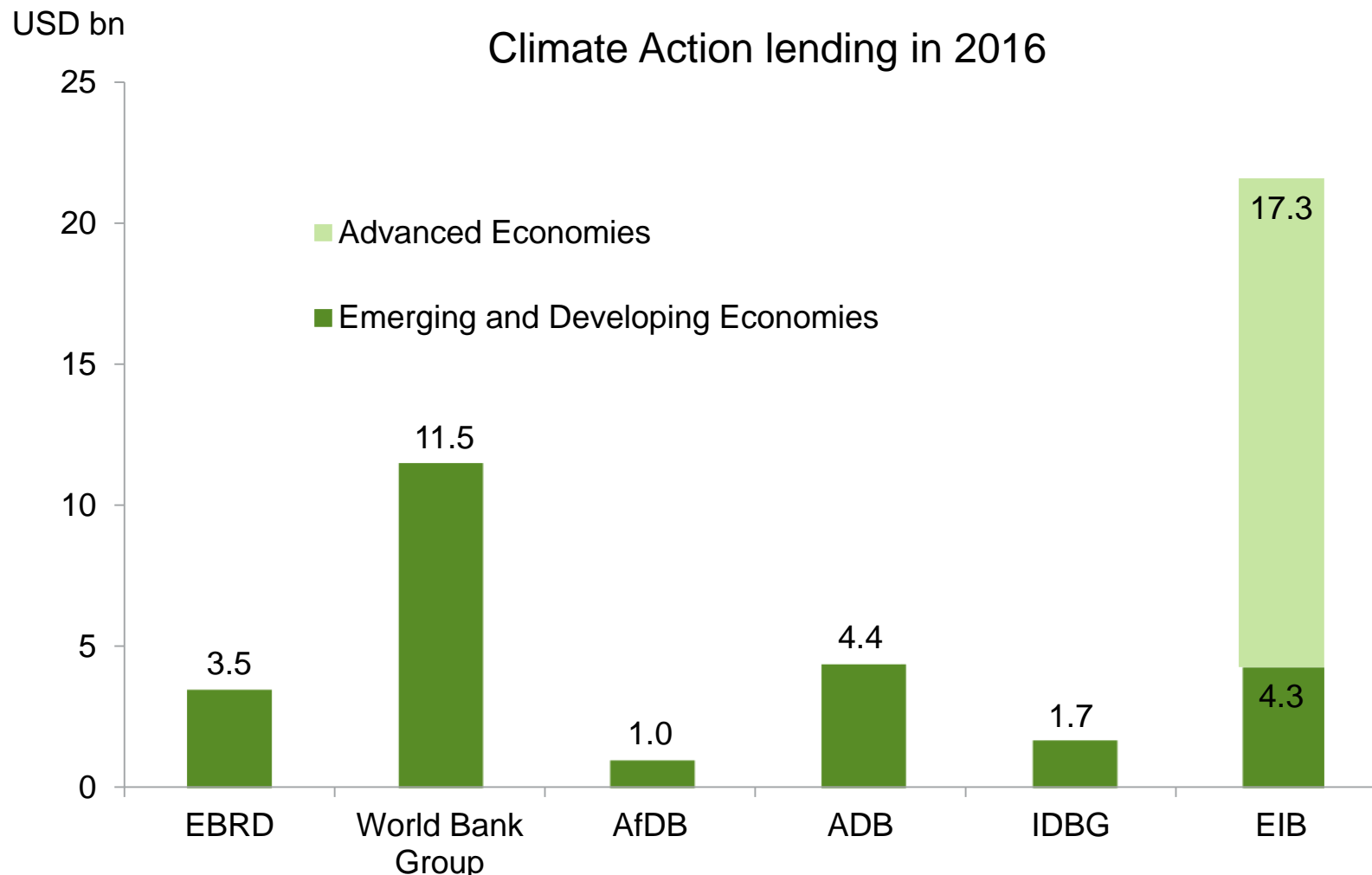


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A decorative header bar consisting of a row of small colored squares in shades of green, blue, and grey, followed by a solid light blue bar. Below this is a row of four vertical panels: a solid light blue panel, a panel showing a building with a curved roof, a panel showing a flagpole with many flags, and another solid light blue panel.

EIB's Climate Awareness Bonds (CAB)

EIB is the world leader in Climate Finance

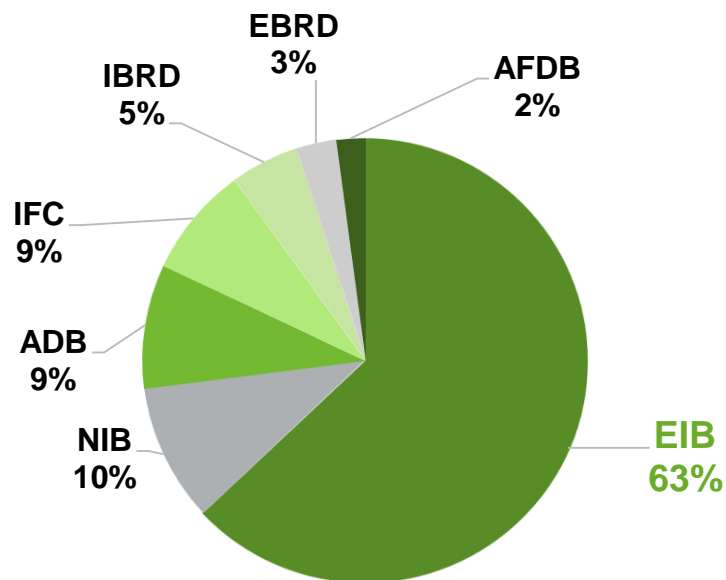


Source: MDB Joint report on Multilateral development banks' Climate finance and internal sources for "Advanced Economies"
<http://www.eib.org/attachments/press/2016-joint-report-on-mdbs-climate-finance.pdf>

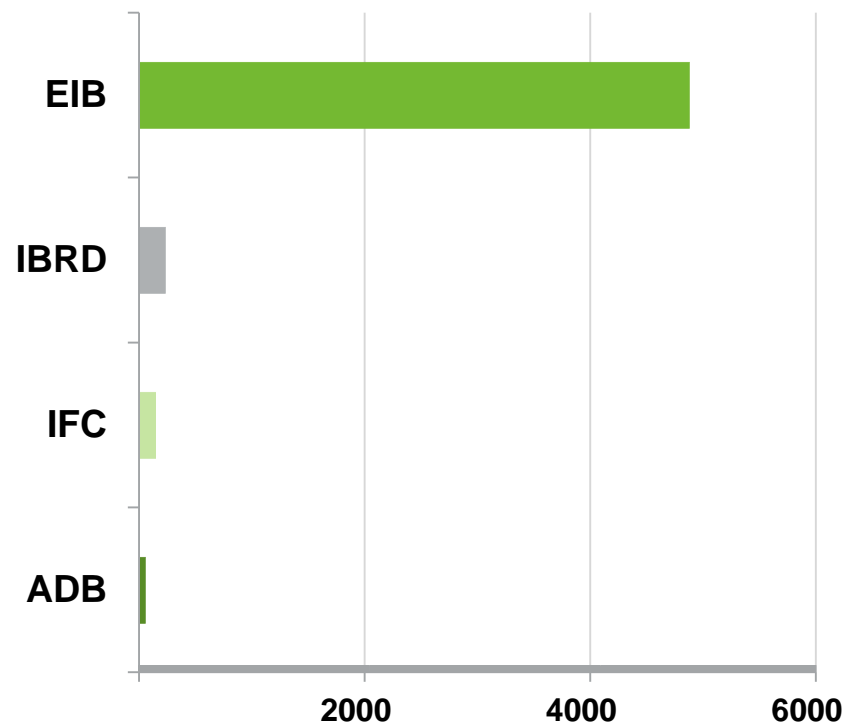
Supra Green Bonds volumes & market shares



Outstanding supra Green Bonds*
(over USD 100m)



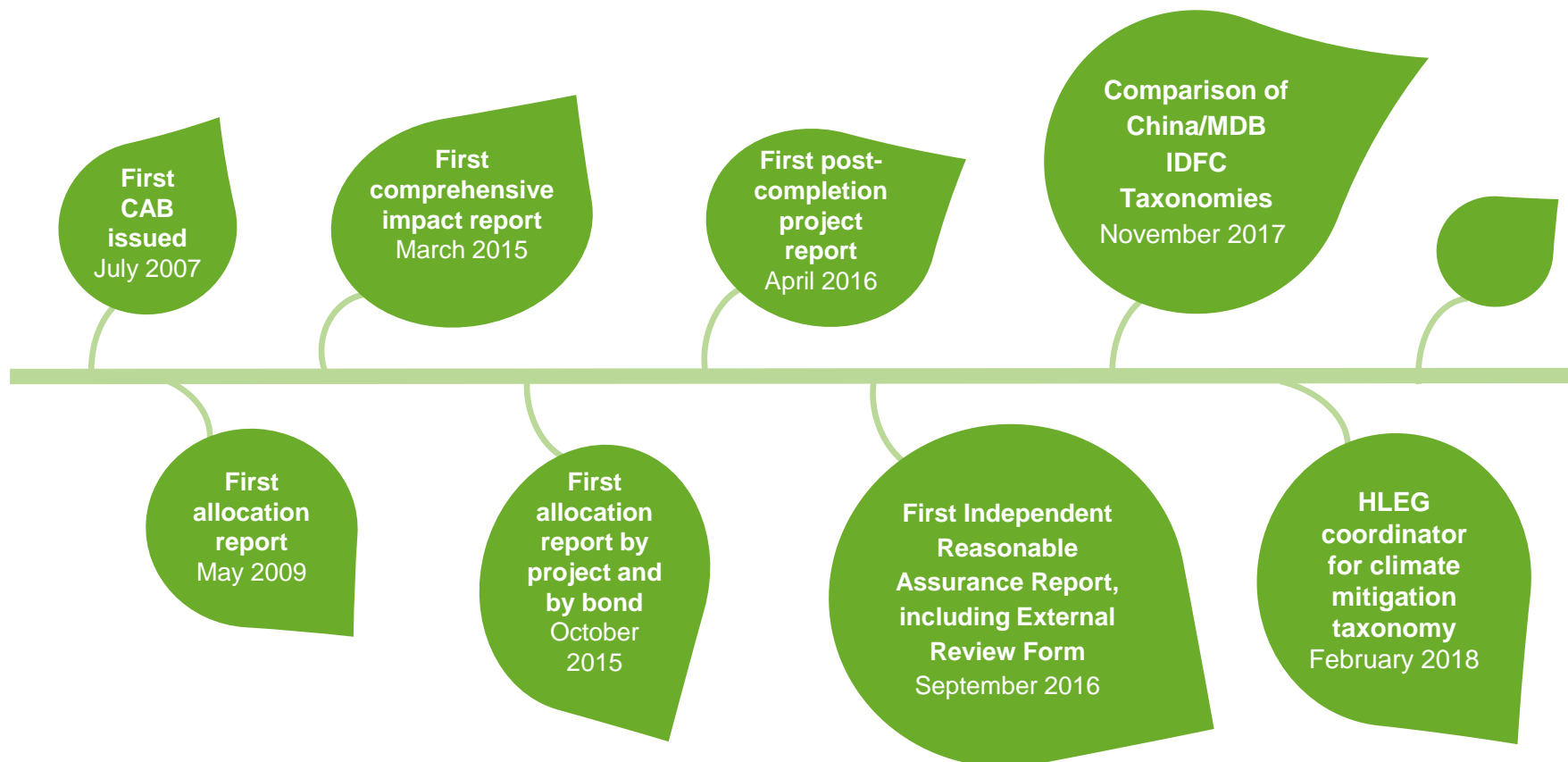
Leading supply of Supra Green Bonds**
(2018 issuance in USD m)



*Source: Crédit Agricole CIB, as of 24 May 2018

**Source: Bloomberg as of 28 May 2018

EIB keeps breaking new ground in the Green Bond market



Financial

- ✓ Scale of issuance with benchmark-size Green Bonds
- ✓ Building a Green Bond curve in EUR
- ✓ Exposure to the EIB credit - not to projects
- ✓ No premium charged for Green Bonds
- ✓ No refinancing of projects

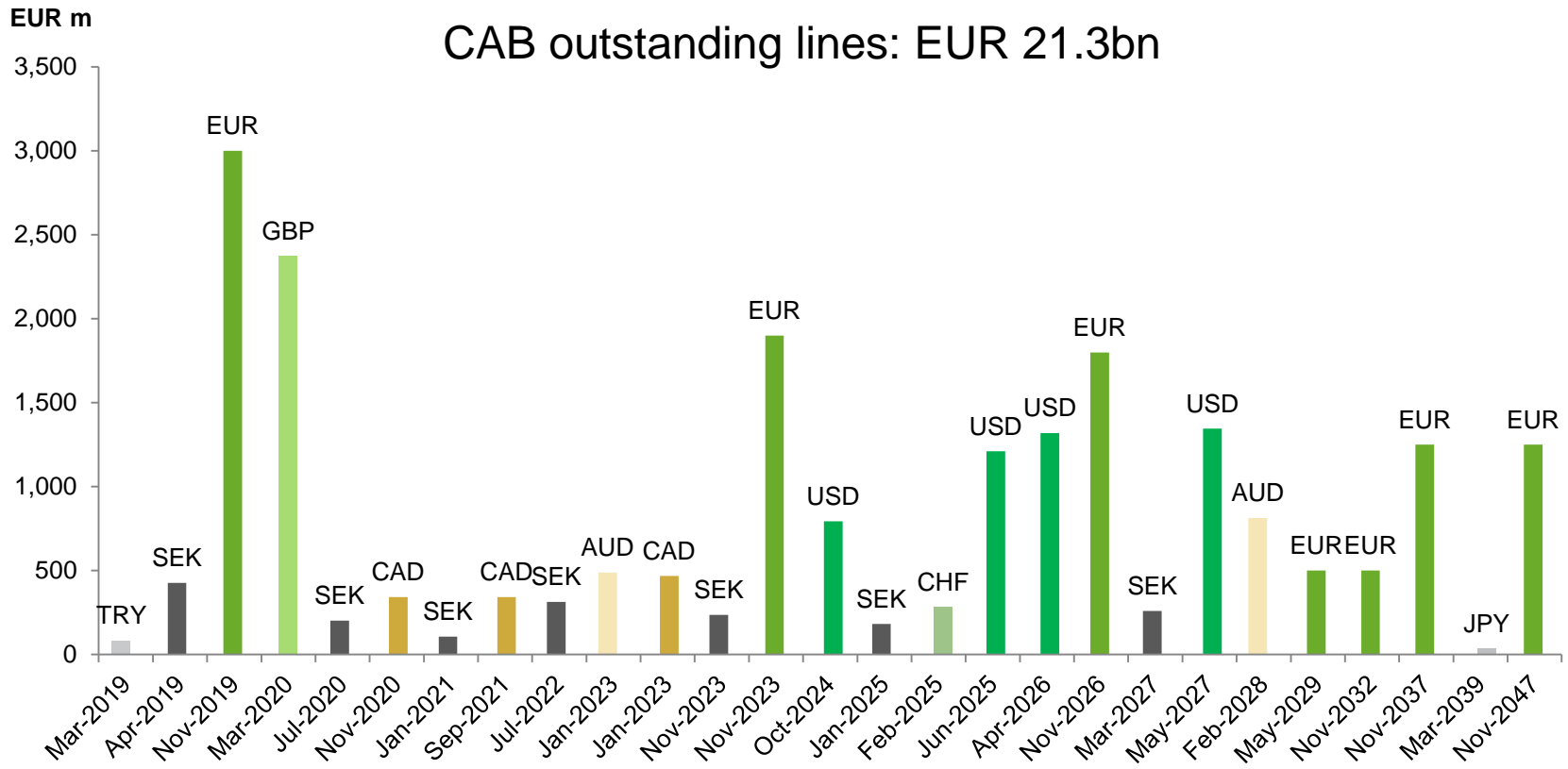
Transparency & Accountability

- ✓ Aligned with the Green Bond Principles
- ✓ Eligible sectors: **Renewable Energy** and **Energy Efficiency**
- ✓ Reporting project impact & linking bonds to projects
- ✓ External review / audit of the CAB programme

EIB CABs: Currency diversification & benchmark-size issues



EIB has raised EUR 23.0bn in Green Bonds to date* across 11 currencies



*As of 1 June 2018

EIB's funding products and currencies

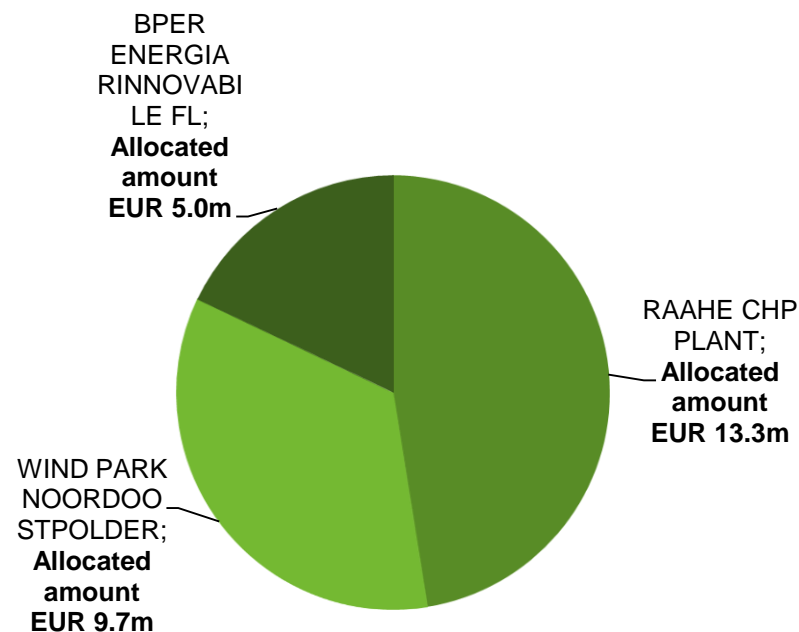


	Benchmark Transactions	Targeted Issuance	Structured Products	Green Bonds
EUR	Euro Area Reference Notes (EARNs): Benchmark size min EUR 3bn ECoops: Fixed or FRN of min EUR 500m	Private placements	Interest rate / Inflation / Index linked	ECoop CAB
USD	USD Globals: Benchmark size with issues of USD 3 - 5bn	Market driven issuance of USD FRN	Interest rate / Inflation / Index linked	USD Global CAB
GBP	Fixed and FRN Benchmark issues	Market driven re-openings	-	GBP CAB
Other	Benchmark transactions e.g. in PLN, CAD	Market driven issuance	PRDC (JPY) Interest rate / Inflation linked (JPY, AUD, CHF, SEK) Synthetic currencies	SEK, AUD, CAD, CHF, BRL, TRY, JPY, ZAR

IMPACT REPORTING MILESTONES

- **Report of allocations on portfolio level** since 2007
- **Report of allocations by individual bond and single project** on a semi annual basis for bonds issued from 2015 onwards
- **Report of project impact** available from 2014
 - Pro-rata data fits investor best practice: Projects only partly contributing to RE or EE objectives receive CAB allocations pro rata for RE / EE element

Allocation of ZAR400m CAB 09/2017 (Fully allocated as of 30/06/2015)

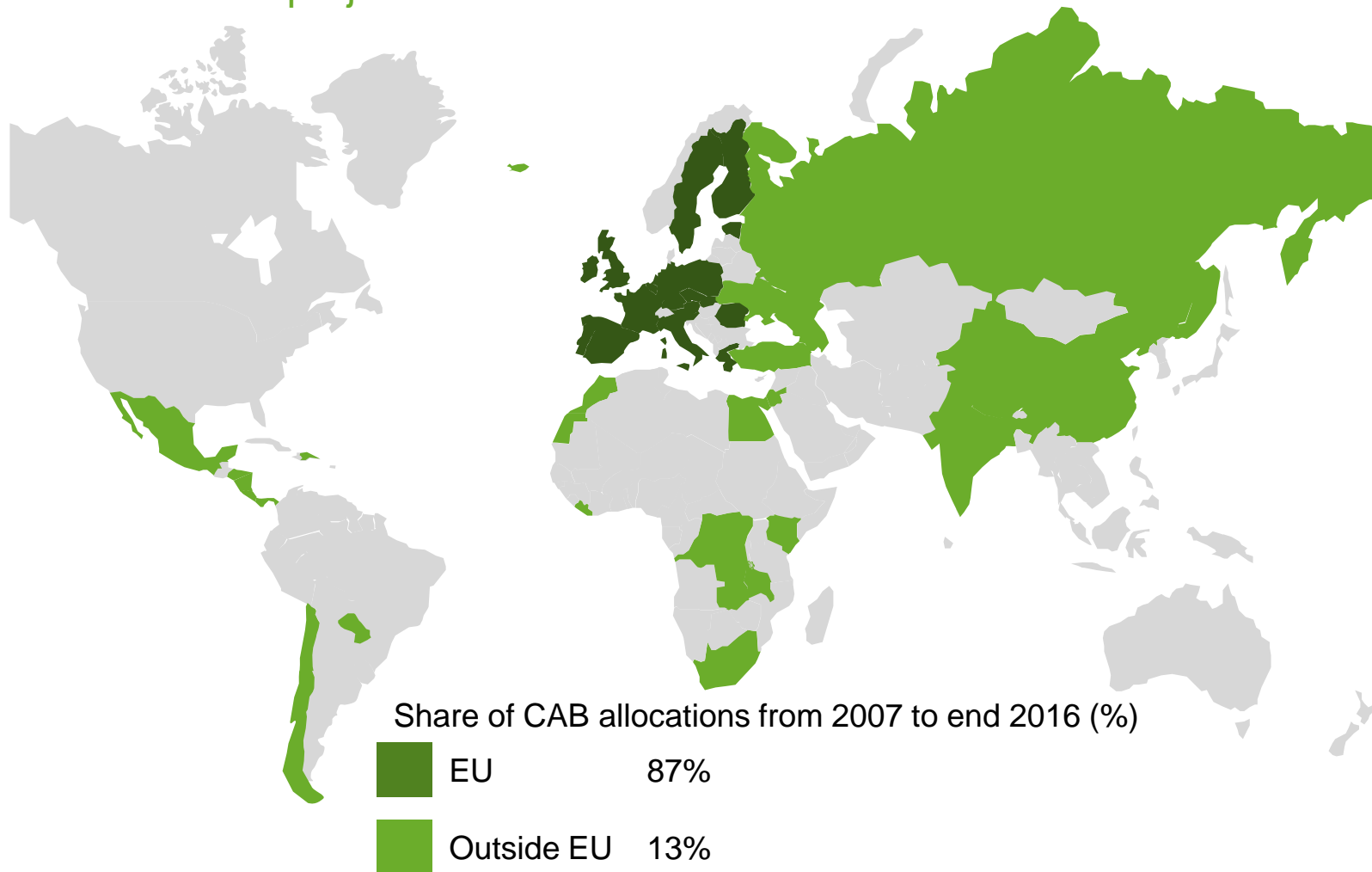


- **Granular impact data:** the expected weighted average emissions savings of projects receiving allocation from ZAR400m CAB 09/2017 were **510 t of CO₂e per EUR 1m of project cost**

CABs support climate action worldwide



161 projects in 46 countries inside and outside EU*



*As of end 2016



CABs are aligned with the Green Bond Principles

What are the Green Bond Principles ?

- A voluntary coalition of banks, issuers and investors that develop guidelines and issues non-prescriptive recommendations for best practices in the Green Bond market
The focus is on **disclosure** and **transparency**
- Initially created in January 2014 as a coalition of four banks
(Bank of America Merrill Lynch, Citi, Credit Agricole and JP Morgan)
- As of 15 February 2018 the coalition has grown to 157 Members and 121 Observers

Mission

- Provide **issuers** guidance on the key components involved in launching a credible Green Bond
- Aid **investors** by ensuring availability of information necessary to evaluate the Green Bond investment
- Assist **underwriters** by moving the market towards standard disclosures which will facilitate transactions
- Act as consultant for official sector when setting up green bond/finance frameworks

GBP § 1: Use of proceeds

- Proposes several categories of eligible Green Projects (non-exhaustive list)
- A description of use of proceeds should be included in the legal documentation of Green Bonds



GBP § 2: Project evaluation and selection

- The issuer should outline the decision-making process used in determining project eligibility including: process, criteria, and environmental sustainability objectives

GBP § 3: Management of proceeds

- Funds should be segregated in a separate portfolio (ring-fencing of proceeds)
- The issuer should disclose intended types of temporary investment instruments for unallocated proceeds

GBP § 4: Reporting

- **Use of proceeds reporting:** Allocations from Green Bonds to projects should be published at least annually, including project descriptions and amounts disbursed
- **Impact reporting:** Expected environmentally sustainable impact, providing qualitative and quantitative performance indicators

External Review (Recommendation)

- Different types external review exist: Verification (Audit), Consultant review, Certifications and Ratings

§ 1. Use of proceeds

- ✓ Clear sector focus: Renewable Energy and Energy Efficiency

§ 2. Process for project evaluation and selection

- ✓ Clear and transparent project selection based on / going beyond EU law
- ✓ Publicly available Environmental & Social standards
- ✓ Nuclear energy and coal excluded

§ 3. Management of proceeds

- ✓ Dedicated sub-portfolio invested in money market instruments pending disbursement to eligible projects

§ 4. Reporting

- ✓ Individual project allocation from CAB ([link](#))
- ✓ Impact metrics such as GHG savings – per project and aggregated ([link](#))

External review (*GBP Recommendation*)

- ✓ Audited overall green bond administration in 2015 and 2016

GBP - § 1. Use of proceeds

Eligible projects include

- **Renewable energy** such as wind, hydropower, wave, tidal, solar and geothermal
- **Energy efficiency** such as district heating, cogeneration, building insulation, energy loss reduction in transmission and distribution and equipment replacement with significant energy efficiency improvements

Special conditions/exclusions

- Nuclear and coal excluded
- Equity and intermediated equity investments excluded
- GHG emission threshold of 550g CO₂/kWh-e

GBP - § 2. Process for project evaluation and selection

General EIB practice

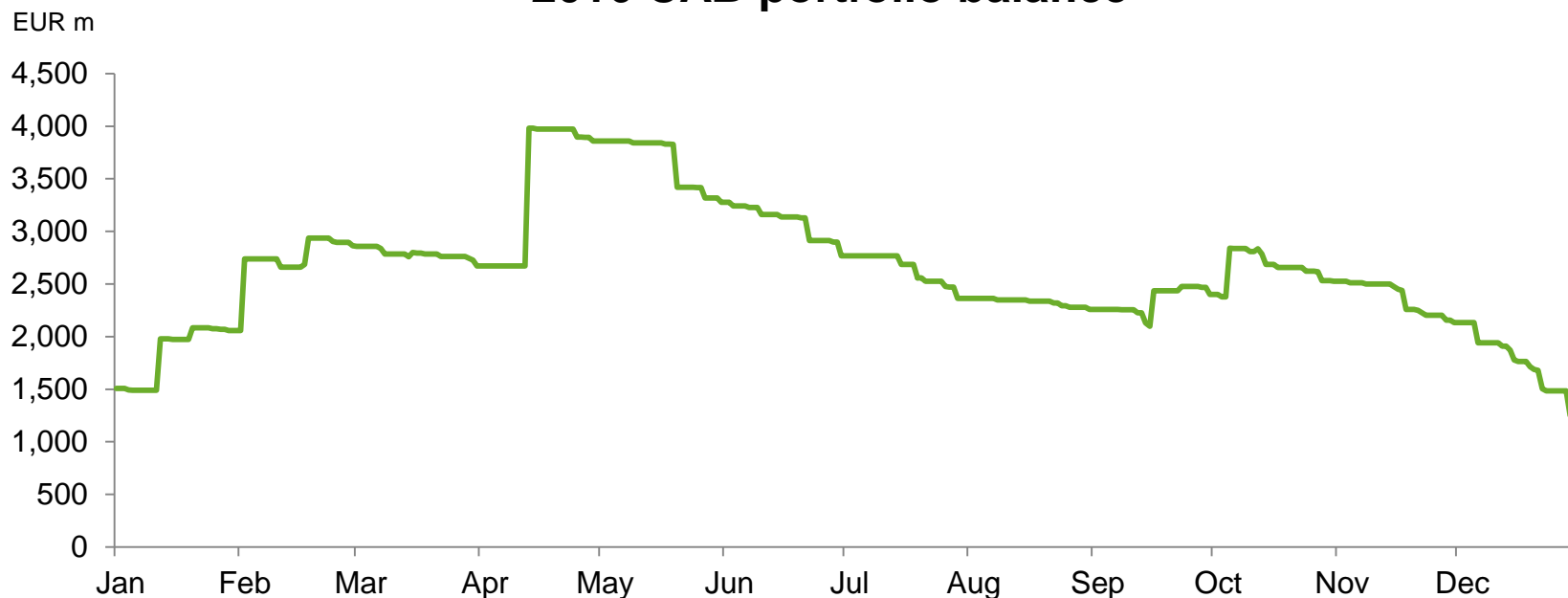
Dual due diligence for all EIB projects covering **financial and non-financial** aspects (environmental, social, economic and technical)

CAB specific practice

- CAB eligibility assessment based on project's RE and EE components
- Quality checks performed on the eligible loans before the disbursements take place
- Public disclosure on any potential disbursement-related change in project's CAB eligibility

GBP - § 3. Management of proceeds

2016 CAB portfolio balance*



Allocation of proceeds to a dedicated treasury-portfolio

- Transparent reduction of the dedicated treasury-portfolio by amounts matching eligible disbursements
- Temporary investments in money market instruments

* As of 31 December 2016

GBP - § 4. Impact measurement and Reporting

Audited impact data per EUR 1m of loan disbursement comprise*

Weighted average **GHG emissions avoided (-) 288 t CO₂e**

Relative emissions measure change compared to a baseline scenario

Weighted average **absolute GHG emissions 106 t CO₂e**

Strict thresholds apply for project emission levels

- **Around 1.0 million tonnes of prorated CO² emissions will be avoided** or saved per year thanks to the overall CAB allocations to projects last year
- That's like taking approximately **500,000 cars off the road**

*The figures concern 2016 data and allocations from EIB CABs based on disbursement to investment loans only

External review (GBP Recommendation)

CAB Processes: External review through audit

Elements subject to audit:

- **Allocation of proceeds**
- **Impact indicators:** GHG emission and savings, heat and electricity metrics
- **Internal tracking and management of proceeds**

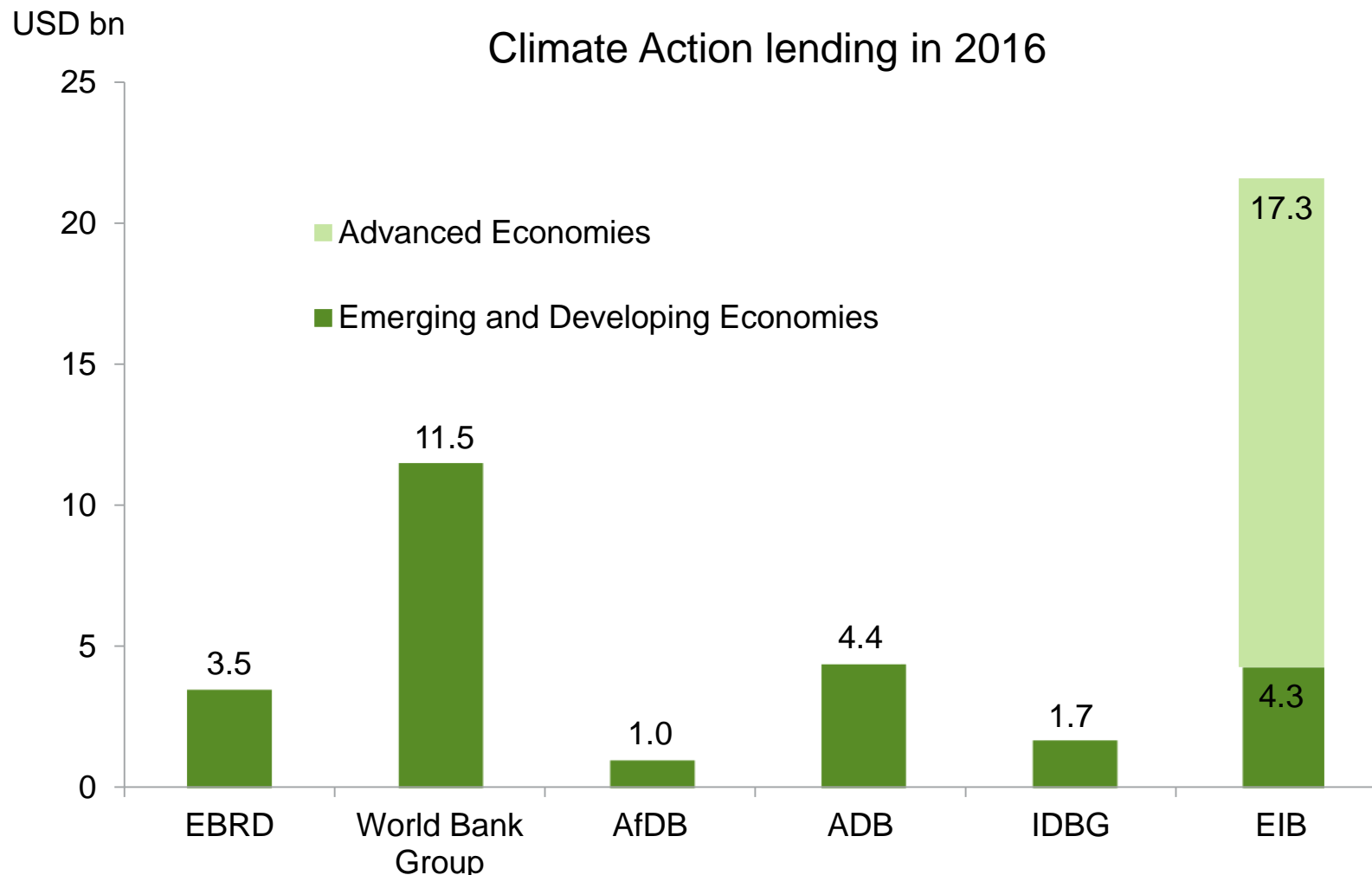
Green Bond rating

- Sustainability Bond Rating of 'b+' from OEKOM following an investment mandate



EU / EIB Climate Policy

EIB is the world leader in Climate Finance



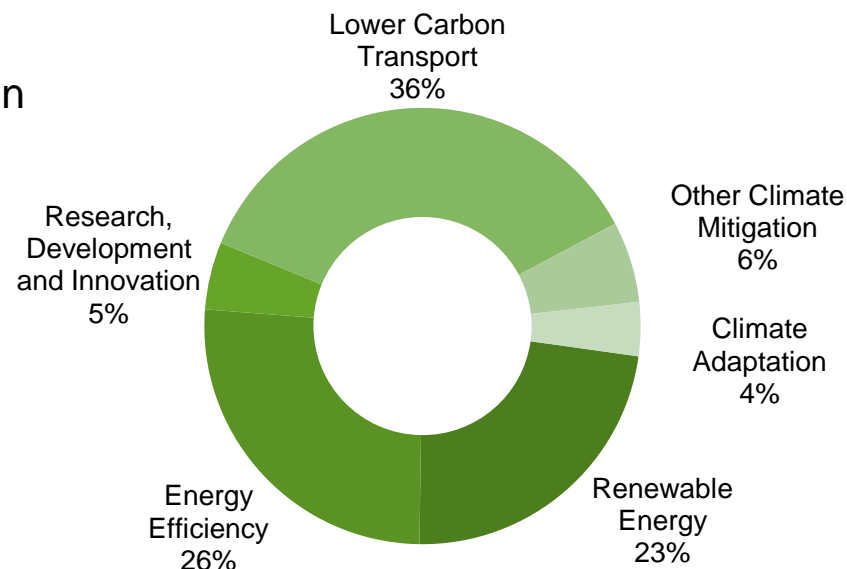
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Climate Action is a top priority at the EIB



EIB Climate Action 2017 (by climate action category)

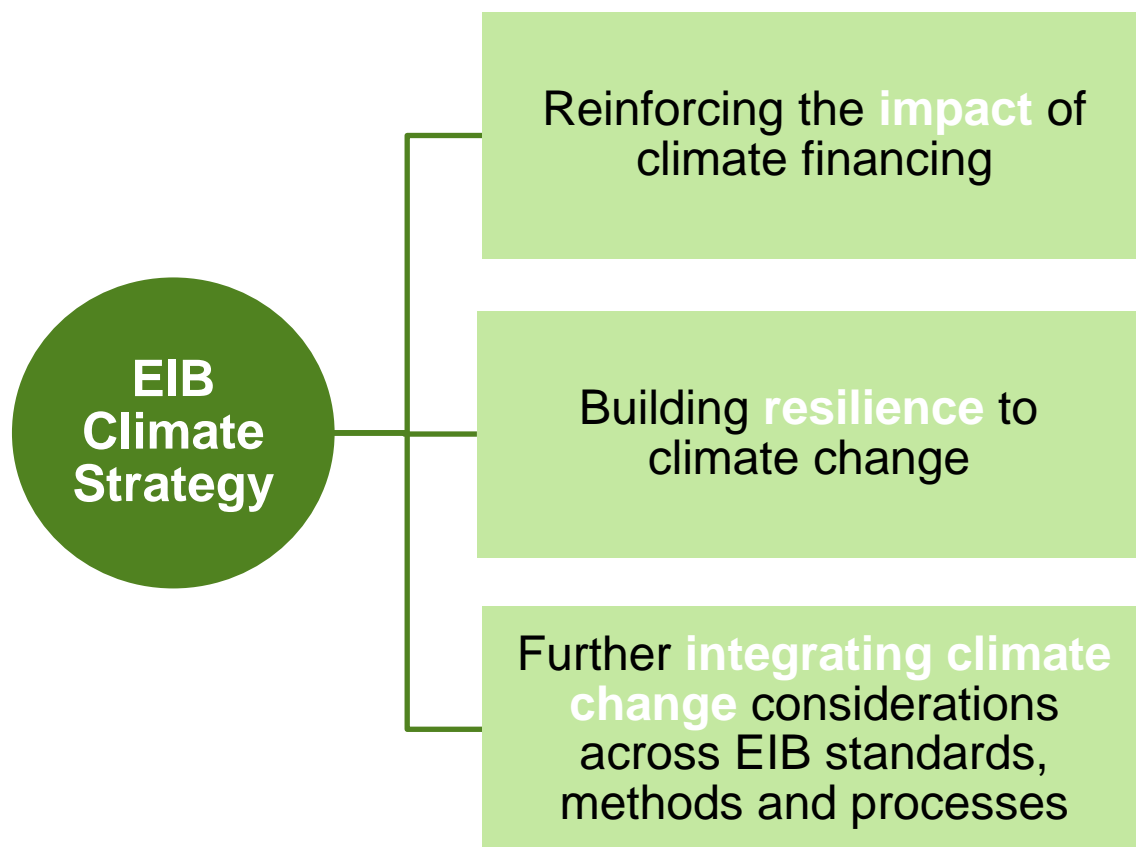
- Annual target to exceed 25% of EIB's annual lending goes toward Climate Action (over 28% achieved in 2017)
- Total loans signed for Climate Action in 2010-2017: EUR 150bn
- Expected Climate Action lending in 2015-2020: USD 100bn



EIB has developed a harmonized Climate action financing methodology:
Joint Report on MDB's Climate Finance is published on an annual basis

*2017 figures are unaudited

Complementing EIB's volume-driven approach, **EIB's 2015 Climate Strategy** will help implement the Paris Agreement inside and outside the EU by focusing on three key-areas:



EU Policy Goals

	2020	2030
GHG emissions reduction	20%	Min. 40% Binding target at EU level
Renewable Energy	20%	Min. 27% Binding target at EU level
Energy Efficiency	20%	Min. 27% Indicative target at EU level

EIB Climate Action

- **World's largest climate financier**
- **2018 target: at least 26% of overall annual financing** is committed to Climate Action
 - 35% of annual financing in developing countries will be committed to Climate Action by 2020
- **Negative carbon footprint:** 2 to 3 million tonnes CO₂-equiv. over the past years
 - equivalent to taking ca. 1.5 millions cars off the road each year

EIB Pricing

Bloomberg: EIB <GO>

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