

Dr Werner Hoyer,
President of the European Investment Bank

Annual Press Conference

Tuesday, 29 January 2019

10:30

(~16 mins)

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

I. Introduction

Good morning, ladies and gentlemen.

Thank you very much for joining us here this morning. I am proud to present to you the annual results of the European Investment Bank Group for 2018.

Despite the difficult environment in which we operated, the EIB Group has emerged stronger, delivering new investments that will provide prosperity to European citizens for decades to come.

In particular, we have increased our focus on two of the defining challenges of our time: Closing the Innovation gap and Climate Action. Our support to both, as a share of our total activity, is at the highest level ever.

The results, which I will outline today, speak to the power of the EU and European collective efforts.

They reflect Europe's ability to deliver, at a time when parochial nationalism is unfortunately the preferred language of too many.

Our mission is to invest in Europe's future. And on this basis we do not only support future jobs and growth, but also European values and the European project. Our investments bring Europeans closer!

II. Headline results

Ladies and gentlemen, in 2018 – the year of our 60th anniversary – the EU bank provided more than 64 billion euros of financing. A conservative assessment shows that this financing supported 230 billion euros of total investment. That is close to the level of 2017 but with less financing.

Every euro we provided supported more total investment than ever before. The EIB is a crowding in institution. We work to make sure Europe benefits from more total investment, not just from us but principally from others – commercial banks, private and public investors.

We want our money to be smart money – and deliver impact where it is needed most. We want to find new clients and invest in high value projects.

From this perspective, we have had a very good year indeed.

In 2018 almost two thirds of our operations were with new clients, making our financing available to an unprecedented spectrum of companies.

We signed 854 projects and increased our capacity to deal with a larger number of smaller projects. That was expected from our shareholders and our stakeholders. We delivered.

III. EU competitiveness

Digitalisation, SMEs, education and skills, sustainable energy supply, and the modernisation of infrastructure—these are key enablers for the European economy to keep pace with global competition.

We need to drive **innovation** to ensure that Europe remains competitive in the future. There I am really concerned – it is a serious issue. This is a vital part of our work. In 2018 we provided 13.5 billion euros to help keep Europe at the innovation frontier.

And we did this while supporting **cohesion and conversion regions**.

Indeed, close to 32 percent of the bank's financing in Europe went to cohesion and convergence regions, which is above our target of 30 percent. We do not see a contradiction between cohesion and innovation – on the contrary, we have shown how these goals can be delivered simultaneously.

IV. SMEs

SME and midcap support remains an important policy objective of the EIB Group. And in 2018 we provided over 23 billion euros to the sector. This financing will benefit over 370 000 companies in Europe.

I am happy to report that this year financing from the European Investment Fund in support of SMEs rose to above 10 billion euros for the very first time. We estimate this will mobilise an impressive 78 billion euros of finance in **start-ups** and other small- and medium-sized companies and midcaps.

In addition, we have invested directly in dozens of start-ups and growth stage companies. These companies focus on deep tech innovation and cutting edge technologies.

These included truly inspiring companies - one developing an artificial heart; another developing innovative nanoparticles which improve the efficiency of radio therapy in the fight against cancer.

V. Advisory

In addition to providing finance, we have also offered independent technical and financial advice on 530 cases to get their projects off the ground.

Advisory assistance is as important as anything else we do because it helps make projects viable and, ultimately, get projects off the ground.

VI. CLIMATE

I am also very proud that we managed to increase the proportion of our lending that goes towards combating **climate** change. Indeed, close to 30 percent of the Bank's lending went towards climate change mitigation and adaptation in 2018.

In support of the Paris climate accord, we are on course to meeting our commitment to provide 100 billion dollars of climate-finance from 2016 to 2020.

Moreover, we are making good progress toward increasing our climate action financing to 35% of our total investment in developing countries by the end of 2020. EIB's commitment to climate action will remain unwavering!

In addition, the EIB has also just started an energy lending review to adapt its policy to a changing environment. A three-month public consultation with industry, civil society groups and policymakers is underway.

VII. EFSI

Ladies and gentlemen, on 18 July of last year, we celebrated the completion of our pledge to deliver over 315bn euro of additional investment through European Fund for Strategic Investment. In fact, by this date we had surpassed this goal, providing support to investments mobilising EUR 335 billion.

The success of EFSI led to its extension (the so-called EFSI 2.0) and our pledge to reach a new target of 500 billion by end 2020. With more than 375 billion euros of investment supported by the end of last year, we are already 75% of the way towards reaching this new target. We will deliver again.

The European Court of Auditors has recently conducted an audit of EFSI 1.0. A number of the concerns raised in the Audit have already been addressed in the new regulation, EFSI 2.0. This includes the technicalities of calculating investment mobilised.

We are taking what the Court says very seriously.

What I find particularly encouraging from the Audit was that two thirds of businesses financed through EFSI were publicly willing to admit to the ECA that without EFSI support they would have had difficulty implementing their project. This is a testament to the success of EFSI as an instrument.

EFSI has truly changed the DNA of the bank. It has multiplied our ability to take calculated risks and focus on financing gaps in Europe's economy, shifting from financing the recovery during the crisis to strengthening our economy's competitiveness.

We have to be aware that reaching these goals without this kind of financial instruments will be impossible. Without private sector involvement we won't be able to do it. We need these kind of financial instruments to mobilise the private capital.

VIII. MFF

Ladies and gentlemen, in preparing the next multi-annual financial framework, we are keen to build upon this success.

InvestEU, from our perspective – from the perspective of investment and growth – is about transforming EFSI into a long-term, robust and financially sustainable tool to support EU policy delivery, notably in those key areas of innovation, climate and cohesion that I mentioned a minute ago.

To achieve that we need to maintain what worked well in EFSI, such as who-does-what in terms of policy steer versus banking and deployment.

In this respect, I fully support the concept of an integrated partnership between the EU Bank and European Commission.

We are on the way to finding a solution there, and the letter and the spirit of this cooperation should also be followed when we discuss how to best go about pursuing Europe's investments outside the EU.

IX. EIB: The Crowding-In Bank

The EIB is a very good deal for the EU. We put money to work. Not taxpayer money - that's important – but money we raise from investors on the capital markets.

Member States own the EIB but are not a principal source of funding. Indeed, in our 60 years, Member States have ever only

paid directly EUR 14 billion in cash to secure their equity share of the Bank, plus EUR 3.4 billion into the reserves.

And this has enabled us over the past 60 years to disburse more than EUR 1.1 trillion, mobilising up to EUR 3 trillion of overall investment in support of EU policy both inside and outside the European Union. And we developed tools for this.

11 years ago the EIB Group issued the first green bonds. At that time, it was considered lunacy to do so, but people then saw the demand and it became a success. This market has recently broken the 500 billion dollar mark globally. We played a major role in launching and setting the standards for this market.

Last year we did it again. After long discussions with the UN Secretary General we issued our first **Sustainability Awareness Bond**. A small issue, a pilot. This raised 500 million

euros to help finance our contribution to meeting the UN's Sustainable Development Goals.

Our initial focus has been on the water sector. This year, we plan to issue sustainability bonds to fund other Sustainable Development Goals like healthcare or education. We believe it will be a success again, that the sources of finance are there.

We hope that other MDBs and financial institutions will follow and help us develop this market further. It is key to arrive at a common understanding of what is sustainable, what is green. There must be transparency. There must be accountability if we want to raise this kind of funding.

Indeed, public resources will never suffice to meet our climate and Sustainable Development Goals. We need to further mobilise private finance. We need innovative approaches like

these to turn our targets into a reality and we need to speak the language of those whose money we are trying to raise.

X. A Global Bank

Ladies and gentlemen, with the political uncertainties facing us right now, it would be easy to become inward looking. It would also be a profound mistake!

I have just returned from Davos this weekend, where there was one very clear message – we need to defend multilateralism and not let the world drift apart. We must realise that the big issues of our time cannot be solved in isolation.

The international community is calling for global solutions to global problems. And as the EU Bank, it is our duty to help bring solutions to the table.

This is the case for the Clean Oceans Initiative, which we have launched together with our partners from KfW and AfD. While it

currently involves commitments of only 2 billion euros over five years. I'm sure it will grow exponentially.

The EIB is a global bank. For this reason last year EIB invested over 8 billion euros outside the EU. This represented about 12.5 percent of our total financing..

Of this we provided a record sum of 1.6 billion euros in Sub-Saharan Africa, concretely helping to create jobs and improve living conditions on the continent.

We stand ready to do more.

...We stand ready to help bundle EU resources and increase EU visibility outside the EU.

...And we stand ready to help establish an EU development finance architecture that is “fit for purpose”, one that helps Europe to finally start to punch *above* – or at least *in line* with –

its weight, as the largest global provider of development assistance. Presently we are fighting under par.

XI. Brexit

Ladies and gentlemen, like all EU institutions and Bodies, EIB has to come to terms with Brexit.

The departure of a major member of the EIB could have led to a weakening of the Group's own funds and a considerable reduction in our lending capacity.

The Board of Directors of the EIB has agreed measures to sustain and strengthen the bank's capital base after Brexit.

These measures reflect the strong support by EIB shareholders for the EU Bank, and their commitment not to let the departure of one Member State weaken the EIB Group's mission and performance.

We are in the fortunate position that we did not have to ask for a cash injection. The cash portion of the capital replacement is to be financed from the reserves we have accumulated, reflecting the strength of the EIB's financial model. The Member States will replace the callable capital in proportion to their capital share. That is very good news to the markets.

In a strong show of confidence in the EU bank, two member countries have additionally decided to increase their share in the Bank to better reflect their weight in the EU economy. It is a very good sign Member States are ready to put cash into the bank because they believe they should strengthen the institution.

XII. YEAR AHEAD

Let me conclude by making a few comments about the year ahead.

When we asked firms about their longer-term outlook for in our Annual Investment Report, we detected significant anxieties.

When I look ahead, I have to concur that this year promises its share of turbulence.

Signs of an economic slowdown have intensified in the past couple of months.

The European parliamentary elections are sure to broaden the debate about the Continent's direction.

Blame Brussels! Blame the EU has become the order of the day
in too many parts of the Continent!

As President of the EIB – a treaty based EU institution – I take
this adverse narrative very seriously.

To ready the EIB for the future,

We will continue evolving and demonstrating impact.

...We will continue investing in sound sustainable projects in line
with EU policy inside and outside the Union. And

...We will continue being the 'good news' institution of the EU, at
a time of much negativity around EU institutions.

I am very grateful to EIB staff for their commitment! Thank you!

I remain convinced that we are more than the sum of our national interests.

We must remind ourselves of the ability of the European project to transform the lives of EU citizens.

...We must channel the power of a single, unified European market to strengthen EU competitiveness and EU cohesion.

...And we must Europeanise our thinking.

Against the uncertain backdrop of 2019, I assure you that the EU Bank will continue to remain true to its mission— to invest in Europe's future.

Thank you!