



The bank of the European Union

Brussels, 17 May 2011

**Statement by
Mr Philippe Maystadt, President,
to the Annual Meeting of the Board of Governors**

Dear Governors
Ladies and gentlemen,

As usual, I would like to use this opportunity to take stock of our achievements in 2010 and look ahead to our short- and medium-term challenges and opportunities.

EIB Activity in 2010

In 2010, the operating environment of the European Investment Bank continued to evolve. With the crisis receding and recovery, although slow and multispeed, taking hold, we saw a significant drop in the demand for EIB loans from our largest corporate clients, who benefited from improved market conditions, but we also witnessed continued appetite for EIB lending from less highly rated counterparts.

Disbursements went up by nine percent year-on-year to 58.7 billion euro. In order to make these disbursements possible, our treasury managed to raise 67 billion euro on the capital markets last year. This is a remarkable achievement given the very volatile market conditions.

Signatures reached 71.8 billion, somewhat below the extraordinary figure of 79 billion achieved in 2009. This decrease reflects our plan to gradually reduce lending volumes toward pre-crisis levels, as our crisis-response package was always designed to be a targeted and temporary measure for 2009 and 2010. (*for 2011, our Corporate Operational Plan envisages signatures of 62.5 and disbursements of 58.6 billion*).

I would like to stress that the EIB has fully met the request of the members of this Board, made in September 2008 within the context of the European Economic Recovery Plan, to increase its pre-crisis annual lending volume (*i.e. 44 billion euro*) in the EU by 50 billion euro over 2009-2010.

We have also achieved, one year ahead of schedule, the 30 billion euro target for signed loans to banks for **SMEs**. Signatures reached 30.8 billion and allocations from intermediary banks to SMEs stood at 24 billion at the end of 2010. All in all, more than 60,000 small companies benefitted from EIB financing last year. As we are emerging from the crisis, the opportunity to set up and develop a small enterprise will be an important route out of unemployment for many who have been unfortunate enough to lose their job in the last few years.

I would also like to stress that our lending to **economically weaker regions** (the so-called "convergence regions"), another traditional EIB priority, amounted to 25.9 billion. This is slightly less than in 2009 (29 billion), but disbursements - that is, money actually delivered - went up by 30 percent to 23 billion.

Challenges and opportunities ahead

Ladies and gentlemen,

There is no doubt that the EU now needs to be set firmly on an upward path of smart, sustainable and inclusive growth and job creation. To this end, the EU has launched its "Europe 2020" strategy and the implementation of this strategy is, along with climate action and supporting the EU's external policy, one of the three main dimensions of the Bank's activities for the years ahead.

Europe 2020

I have said repeatedly that the EIB stands ready to make a major contribution to “Europe 2020.” The key challenge as I see it is to boost employment and productivity on the basis of the “knowledge triangle”: **training, research, and innovation**. In 2010, the Bank already provided finance worth over 4 billion euro for projects in the education sector and over 7 billion euro for research, development and innovation projects. The EIB plans to further step up its financing to meet the goals of the strategy.

Climate Action

The fight against climate change will continue to be one of the EIB's top priorities for the coming years. The Bank will continue to invest in renewable energy, energy efficiency, sustainable transport and new energy technologies. Our **climate action**-related signatures – that is, signatures for projects contributing directly to the reduction of greenhouse gas emissions – reached 20.5 billion euro in 2010. This is nearly 30 percent of our total lending. Of that, 6.2 billion went to renewable energy, mainly wind and solar power, and 2.3 billion to energy efficiency, a figure that is set to increase in the years ahead as there is still enormous potential for energy savings, especially in public buildings and housing.

External Mandates

The review of the EIB's external mandates will hopefully reach a conclusion in June with an agreement between the European Parliament and the Council.

Subject to approval of a EUR 1 billion increase in its lending ceiling for the Mediterranean region, the EIB would be able to provide some 5.8 billion of lending to the Mediterranean countries over the period 2011-2013, with a special focus on countries that have made progress in their transition towards a more open and democratic political system. As you know, the EIB is financing both public and private investments; in 2010, 55% of the operations in the region were private sector investments. Moreover, I remind you that, in this region more than elsewhere, we are providing not only loans but also risk capital and technical assistance. For example, we combine equity investments and capacity-building assistance in Private Equity funds and in Microfinance institutions. Therefore, as the international financial institution most active in the region, not only in terms of volume but also in terms of the range of instruments it can offer, the EIB is ready to cooperate with other IFIs to support the new engagement of the EU in the region.

I would also hope that there will be an agreement on a limited increase in the ceiling for enlargement countries. Indeed, it would be politically difficult to explain to a country like Croatia that we have to reduce the volume of our operations there as they come closer to accession.

More broadly, I am glad the review of the EIB's external mandates confirms that the EU guarantee is a very economical way of using budgetary resources to promote EU policies. In this context I would like to recall that since the establishment of the guarantee fund, the EU guarantee has actually not constituted any burden on the EU budget as on the only two occasions when the EIB has had to call on it – in the 1990s for projects in former Yugoslavia and in 2003-04 in Argentina – the money was ultimately completely recovered and returned to the EU budget.

Some changes to the role of our Bank outside of Europe are contemplated in the review. In my opinion, it would not make sense for the EIB to become another World Bank-type of organization. What we need is a financial institution which can support specific external objectives of the EU. If it genuinely wants to develop an effective external policy, the EU must have a financial arm. The EIB can be that arm as it is the only financial institution that is legally bound and technically equipped to support EU policies.

Thank you for your attention.